

Reagan Presses for Contra Aid

Compiled by Our Staff From Dispatches
NEW YORK — President Ronald Reagan, staking out a tough position before the Iran-contra hearings begin in Congress, said Sunday that cutting off aid to the rebels in Nicaragua would give the Soviet Union a free hand in Central America and "one of their greatest foreign policy victories since World War II."

Mr. Reagan, speaking at the opening ceremonies of the American Newspaper Publisher's Association annual convention, said that when members of Congress vote on aid to the rebels, it might be the most important vote of 1987 and "possibly one of the most important cast in their careers in public office."

He warned that "delays and indecision here at home can only cause unnecessary suffering in Nicaragua, shake the confidence of the emerging democracies in the region and endanger our own security."

Mr. Reagan's remarks appeared to be an effort to raise the stakes in the battle over aid for the Contras, who are trying to oust the leftist Sandinista government.

He made no mention of the hearings opening Tuesday on Capitol Hill on the secret sale of arms to Iran and the alleged diversion of profits to the Contras — a subject about which he has pleaded ignorance — or anything about the division within the Contra leadership.

Instead, Mr. Reagan turned up the pressure on Congress to approve aid to the rebels. After winning approval of \$100 million in aid last year, the administration is seeking \$105 million this year amid signs that Congress has become increasingly skeptical about sending money to the Contras.

Arguing that the United States has had a bipartisan consensus on foreign policy for 40 years, Mr. Reagan said, "This is no time for either party to turn its back on that tradition or on the cause of freedom, especially when the threat to both is so close to home."

"The survival of democracy in our hemisphere requires a U.S. policy consistent with that bipartisan tradition," he said.

Iran-Contra Hearings: A Test Nears for President, Congress

By Dan Morgan and Walter Pincus
WASHINGTON — When Senator Daniel K. Inouye pounds his gavel Tuesday in the Senate Caucus Room to open what could be the most significant three months of televised congressional hearings since the Watergate scandal that toppled Richard M. Nixon, a new test will begin for President Ronald Reagan, his administration and Congress.

As in the Watergate hearings 14 years ago, the most publicized questions center on the president's knowledge and his actions.

Did Mr. Reagan know about the diversion of funds from secret sales of arms to Iran to the Nicaraguan rebels, known as Contras? Did he know about White House coordination of possibly illegal military aid to the Contras after Congress prohibited such assistance in 1984?

The president knew much more than what the White House has admitted, Mr. Inouye said on a television interview Sunday.

"When you add together all of the bits of information we have gathered over the months," he said, "one can reach that conclusion."

Another member of the House Select Committee, Senator Warren E. Rudman, Republican of New Hampshire, said on the same program: "The hearings are going to show there is tremendous conflict that may never be resolved satisfactorily. Everyone will have to decide who is telling the truth."

The stakes for the president are enormous. Wounded by the loss of the Republican Senate majority in the 1986 elections, his political standing could collapse if it turns out, after his many denials, that he knew of or approved illegal actions by his aides.

On the other hand, his administration could revive if the hearings only repeat what is already known. Congress is also on trial. For four months, select committees of the Senate and House of Representatives have been investigating the affair. Unlike Watergate, it involves key national security institutions and some of the most sensitive foreign policy operations.

A former U.S. envoy said he aided the Contras on orders from Washington. Page 4.

Once the arms sales to Iran became public, did the president or his aides attempt to cover up their activities?

How the committees handle the first two witnesses could set the tone for much of what follows, investigators say.

Committee investigators want their first witness, Richard V. Secord, a retired air force major general, to describe for the first time the framework of the clandestine private network that carried arms to the Contras when direct U.S. military aid was prohibited.

They also expect him to provide new details on the sale of U.S. arms to Iran, including how the money was handled.

Mr. Secord may, however, have different plans, one source said. He may insist that he acted as a private businessman who was convinced that the Contra and Iran operations

See CONGRESS, Page 5



The French prime minister, Jacques Chirac, left, with Chancellor Helmut Kohl of West Germany as they prepared Sunday for talks in Strasbourg on the Soviet missile offer.

Allied Delay On Arms

Kohl, Chirac Ask More Talks On Soviet Offer

STRASBOURG, France — West Germany and France said Sunday that more talks with their European allies were needed before they could reach a position on the latest Soviet offer to reduce the number of nuclear missiles in Europe.

Chancellor Helmut Kohl, speaking after talks here with Prime Minister Jacques Chirac, said his government had yet to receive the text of the Soviet draft, which would require careful study. Aides to the chancellor said that Mr. Kohl would address the parliament in Bonn on Thursday, but would still give only a preliminary reaction. The government is divided on the Soviet offer.

Canada Says 10 Nuclear Submarines Are Needed to Enforce Claim in Arctic

By John F. Burns
TORONTO — The Canadian government has concluded that it needs as many as 10 nuclear-powered submarines to enforce its claim to sovereignty in Arctic waters.

These submarines, as envisioned, would not carry nuclear weapons, but would use nuclear engines. Such boats, unlike the older diesel-powered submarines, can operate for long periods at sea without refueling.

The proposal, if adopted, would make Canada the fourth member of the Western alliance to operate nuclear submarines, along with the United States, Britain and France. The Soviet Union and China are the only other nations known to have such vessels.

Klosk Moscow Police Halt Art Exhibit

MOSCOW (AP) — The police beat and arrested eight participants in an informal outdoor art exhibit here Sunday, friends of the artists reported.



Alysheba, who almost fell, won the Kentucky Derby race. Page 15.

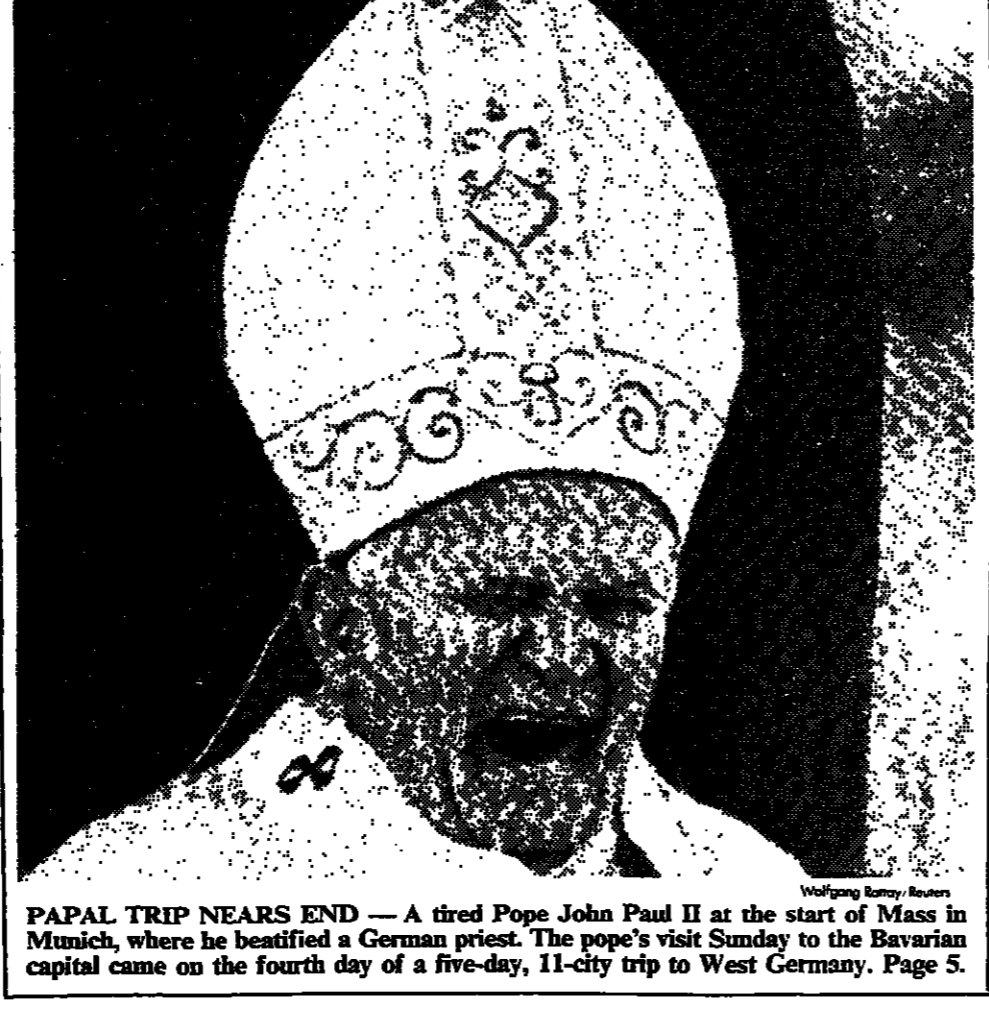
Nakasone, Reagan Hail Trade Talks

MAKENA, Hawaii — Prime Minister Yasuhiro Nakasone, en route back to Japan, said here this weekend that he was going "home satisfied" by the two days of trade talks with President Ronald Reagan and other top U.S. officials.

"Our talks were very fruitful," Mr. Nakasone said Saturday night. In Washington, Mr. Reagan said in his weekly radio broadcast, made Saturday during Mr. Nakasone's 11-hour flight to Hawaii, that "we are of one mind about avoiding protectionist steps on either side of the Pacific."

But, Mr. Reagan added, he hoped there would be evidence that would allow the United States to remove the 100 percent tariffs, amounting to \$300 million, on Japanese goods as soon as possible.

The White House chief of staff, Howard H. Baker Jr., said Sunday that Mr. Nakasone had made it clear during his visit that U.S. contractors would be able to do more bidding on projects in Japan.



PAPAL TRIP NEARS END — A tired Pope John Paul II at the start of Mass in Munich, where he beatified a German martyr. The pope's visit Sunday to the Bavarian capital came on the fourth day of a five-day, 11-city trip to West Germany. Page 5.

The Death of a 12-Year-Old Bride

By Blaine Harden
KANO, Nigeria — Hauwa Abubakar, a village girl from northern Nigeria, was forced three years ago to marry a cattleman. She was 9 years old at the time. The cattleman, Malam Shehu Kiruwa, was old enough to be her father.

For two and a half years after her marriage, the little girl refused to live with her husband. She stayed with her parents. In June, after Hauwa turned 12 and began menstruating, her father forced her to move in with Malam Shehu. Under Islamic law, she was old enough to have sexual relations with him. But she refused, running home twice. Both times, her father, who owed money to the cattleman, made her go back.

In February, when she tried a third time to run away, the cattleman caught her. According to police, Malam Shehu took an ax and chopped off her legs. He was amputating her fingers when neighbors heard screams and rescued the girl. She was rushed to a hospital in the northern city of Sokoto, where her doctor said that Hauwa's husband apparently had coated the blade of his ax with a homemade poison. Her wounds would not heal. She refused food and on March 4 she died.

Einstein Letters Reveal an Anguished Romance, Early Theories

By Walter Sullivan
NEW YORK — The story of an anguished love affair between Albert Einstein and the woman who would later become his first wife has emerged in newly disclosed correspondence between them.

In his letters, Einstein confided in her efforts to participate in the revolution taking place in many fields of physics, including the nature of light, relative movement and molecular phenomena.

According to Dr. John Stachel, a professor of physics at Boston University who is editor of the Einstein papers, Maric appears to have been more of "a sounding board" than a contributor to Einstein's ideas.

In a letter to Maric in 1899, when he was 20 years old, Einstein anticipated his first theory of relativity, published six years later. It came in a period when many physicists still believed that space was filled with an invisible medium through which light waves could be propagated. They called the medium a "luminiferous ether."

Einstein's letters also reveal his family's disdain for Maric. In July 1900 he had been warned by his sister that his parents were bitterly opposed to him marrying Maric. When he told his mother of his intention,

"Mama threw herself on the bed, buried her head in the pillows, and cried like a child," he wrote to Maric. "After she had recovered from the initial shock, she immediately switched to a desperate offensive." Einstein continued. He quoted his mother as saying, "You are ruining your future and blocking your path through life."

GENERAL NEWS
In Iowa, some of the first big test of the 1988 presidential campaign, candidates are already hard at work. Page 4.
Kurt Waldheim, as UN secretary-general, favored the Arab side in the 1973 war, a former aide has charged. Page 5.
From Israeli Arab villages to refugee districts in the occupied Gaza Strip, Israel is seeing an Islamic revival. Page 2.
BUSINESS/FINANCE
The U.S. economy expanded in April, purchasing managers reported. Page 7.
Japanese financial institutions find themselves the target of protectionist fervor. Page 7.

Arabs in Israel and Occupied Lands Turn Increasingly to Islam

By Thomas L. Friedman
New York Times Service

UMM AL-FAHIM, Israel — In this Israeli Arab village about an hour's drive north of central Tel Aviv, Israeli Moslem fundamentalists recently erected bus stops with separate seating areas for men and women.

Down the road a few miles, at Yuni's Restaurant, once a favorite Arabic eatery and watering hole for Israeli Jews, Yuni recently stopped serving hard liquor and beer, in deference to the surge in Islamic fundamentalism in nearby Israeli Arab villages.

Perhaps it is the new style of soccer games that really leaves the visitor feeling at times that he is in Saudi Arabia, not Israel. In September, a group of observant Israeli Arab Moslems withdrew from the Jewish-run league and formed a 38-team soccer league representing Arab villages from across Israel.

When the call to prayer carries across the field from a nearby mosque, both teams stop, line up, face Mecca to the southeast and kneel. When prayers are over, play resumes.

From Israeli Arab villages in Galilee to the turbulent Palestinian universities in the Israeli-occupied West Bank to the teeming refugee districts of the occupied Gaza Strip, an Islamic revival is taking place among Moslems living under Israeli control.

The revival was inspired in part

by the Iranian revolution led by Ayatollah Ruhollah Khomeini. But it is also a home-grown movement of Palestinian Moslems seeking strength to confront Israel by returning to the Islamic identities that once brought them grandeur.

The movement is bringing some Israeli Arabs and some West Bank and Gaza Palestinians much closer together. Moslem associations are attracting many adherents among Palestinian youths and becoming a major challenge to the secular Palestine Liberation Organization.

Most important, the Islamic revival in Israel, coupled with the religious-nationalist upsurge among some Israeli Jews since the 1967 war, is beginning to transform the nature of the Arab-Israeli conflict. Israeli claims to a "Greater Israel" are increasingly met by demands for an "Islamic Palestine."

What this means for the already intractable Arab-Israeli conflict, said Eli Rukhess, a Tel Aviv University expert on Israeli Arabs, is that future "coexistence will be that much more difficult and the lines of differences between the two communities that much sharper."

About 600,000 Palestinian Arabs live in Israel and 1.3 million in the occupied territories; 92 percent are Sunni Moslems and 8 percent are Christians. There are virtually no Shiite Moslems, who predominate in Iran.

Although the Islamic revival is still a minority phenomenon

among these Palestinian Moslems, it touches deep chords in the wider, secular Moslem population. Its leaders have the credibility and potential power to exercise disproportionate influence.

Most Israeli Jews have no idea that in the seemingly sleepy hilltop Arab villages of Galilee, which they drive past on visits to kibbutzim, an Islamic fundamentalist movement has been building since 1967.

Before then, there was no advanced Islamic teaching center in Israel. But after Israel's victory in 1967, Israeli Arabs found themselves back in contact with Moslem holy places in Jerusalem and centers of Islamic learning in Hebron, Jerusalem, Nabhus and Gaza.

In the spartan office of the Islamic Association of Umm al-Fahim, a village in lower Galilee at the center of the revival, Sheikh Hashem Abdel Rahman Mahajani, 27, explained the movement's origins.

"Before 1967, we were cut off from all Arab and Islamic culture — we almost became Jews," he said. "There was nowhere to study religion. When the West Bank was opened, we learned a lot about Islam. All our religious books came from the West Bank and Gaza, and many lecturers."

In mid-April, the senior Moslem cleric of Jerusalem, Sheikh Saad e-Din al-Alami, the mufti, who before 1967 could not contact Israeli Moslems, went to the Israeli town of Beersheba, the folded prayer rug

outside the municipal museum and led about 20 Israeli Arabs and Bedouins in prayer.

Until 1948 the Beersheba mosque was a Turkish-built mosque. Local Moslems have asked Sheikh Alami to help them get it back.

Sheikh Mahajani said he grew up in a traditional but not overly religious household. When he graduated from high school, one of his teachers suggested he go to Hebron Islamic College. He earned a bachelor's degree in Islamic religious studies, then returned to his village to teach others.

He said another important external filip for the Israeli Moslem revival came from the peace treaty with Egypt, which opened Israeli Arabs to influences from Islamic centers in Cairo.

"I know all of the developments of the Islamic world by reading the Egyptian newspapers and magazines," he said.

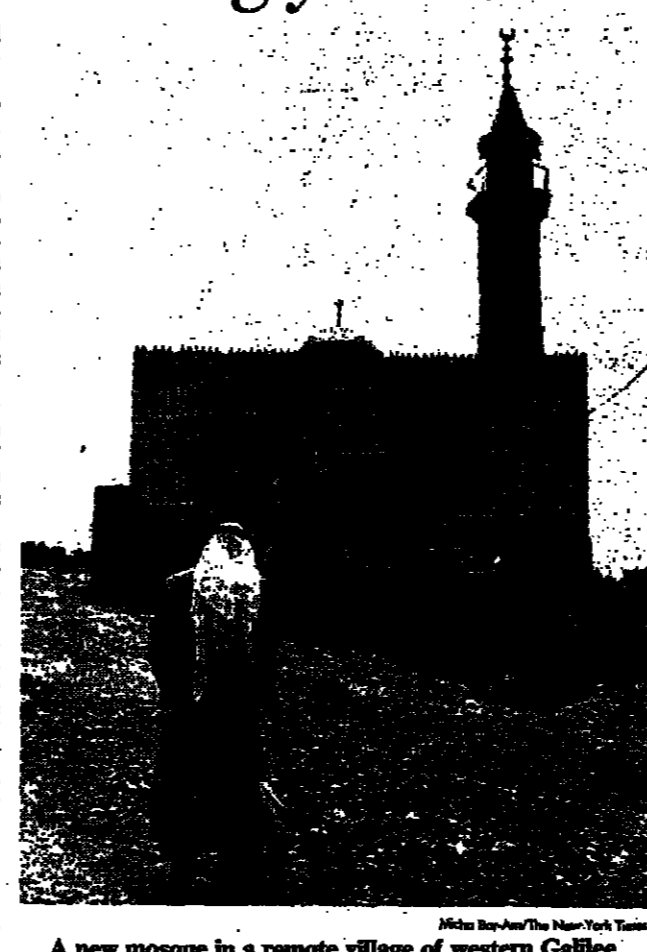
The Islamic revival in Israel turned from a cultural to a political phenomenon with the Iranian Islamic revolution of 1979 and the coming of age of a new, post-1967 generation of Israeli Arabs. They sought to express their awakening Palestinian Arab identities and distinguish themselves from Israeli Jews and the Westernized culture epitomized by Tel Aviv.

"Within Israel, the Islamic revival is not a movement of the oppressed," said Emanuel Sivan, a Hebrew University expert on Islam. "Rather, it is a middle-class people and their children reaffirming their identity as Moslems, above all else, and aspiring to liberate Palestine as a Moslem land."

This potent mix of cultural, religious and nationalist elements was behind the first serious Islamic revolutionary movement in Israel: Umm al-Fahim, the Family of Holy War, organized in the late 1970s by Sheikh Abdullah Nimr Darwish from the Israeli Arab village of Kfar Qasem, near Tel Aviv.

Umm al-Fahim reportedly advocated sabotage and violence. It was discovered by the police before doing much damage. In 1981 the sheikh and 56 followers were imprisoned. Upon their release in 1984, they organized a loosely connected Islamic Association whose stated purpose was to work for peaceful change in Islamic society in Israel.

The fruits of their labor can be



A new mosque in a remote village of western Galilee.

Norway Leader Calls Britain a Polluter

LONDON (Reuters) — Prime Minister Gro Harlem Brundtland of Norway accused Britain on Sunday of polluting its neighbors with acid rain. She said Britain was too slow to realize that something needed to be done.

"The electricity bill in Britain is partly covered by the Norwegian nature being destroyed or other countries' nature being destroyed," Mrs. Brundtland said in a BBC radio interview. The Norwegian leader was speaking from Oslo on an international call-in program.

A spokesman for Britain's Environment Department said, "The government is aware of the country's reputation and is taking positive steps to rectify it." Acid rain is produced when gases expelled from power stations and other industrial plants turn into sulphur dioxide and form poisonous rain clouds.

Greens Elect a 'Radical' Leadership

DUISBURG, West Germany (Reuters) — West Germans who are members of the Greens party and favor an alliance with the opposition Social Democrats suffered a severe defeat Sunday when the party's congress voted a "radical" executive committee into power.

The Greens, the largest environmentalist and pacifist movement in Europe, have long been divided into one wing favoring cooperation with the Social Democrats at the state and federal level, and another that argues that such agreements would compromise the anti-nuclear party's policies.

Ex-Afghan Leader Is Reported Jailed

BEIJING (AP) — The former Afghan leader, Babrak Karmal, has been arrested in Afghanistan and is in prison, the Xinhu news agency reported Sunday. In Moscow, an Afghan Embassy official said he did not believe the report was correct.

The news agency quoted diplomatic sources in Islamabad, Pakistan, as saying that Mr. Karmal was sent to Puleh-kehtai jail in Kabul. The agency said the reason for the arrest was not known and the diplomatic sources were not identified.

Xinhua said the order to arrest Mr. Karmal, the former Afghan president and secretary of the People's Democratic Party of Afghanistan, came from the Revolutionary Council of Afghanistan.



Babrak Karmal

Hong Kong Sets Limits on Press Bill

HONG KONG (Reuters) — Hong Kong has published guidelines for possible prosecution under a recently enacted bill that made publishing false news a criminal offense.

Government sources said Saturday that the guidelines published by the attorney-general aimed to reassure news media in the British colony that the bill was not designed to curb press freedom. They said media representatives had urged the government to clarify the law passed by the colony's legislature in March, claiming it had been rushed through, was vague, and was loosely drafted.

The guidelines say unconfirmed rumors, even if false, are news and, unobjectionable. If a report is false, responsibility will lie with the individual making the false statement, not the medium that publishes it. Prosecution will not be authorized where the truth is uncertain or falsity not proved beyond question, the sources said. Prosecution will not be appropriate if the person publishing the news had reasonable grounds at the time for believing it true.

Khomeini in Good Health, Editor Reports

WASHINGTON — Ayatollah Ruhollah Khomeini appears to be in better health than Western intelligence officials generally believe, according to a magazine editor who saw the Iranian leader earlier this year.

"Khomeini entered with a sure step and a fresh look, belying his widespread image of a sick man on the verge of death," wrote the magazine editor, George A. Nader, describing an audience with the 85-year-old ayatollah in the northern suburbs of Tehran in February.

"Although his face was impassive," Mr. Nader wrote, "his eyes fixed sharply on each person. The meeting lasted roughly 30 minutes, after which Khomeini left as energetically as he had entered."

Mr. Nader's account appears in an advance copy of the next issue of Middle East Insight, a

Washington-based magazine that specializes in reports on the Middle East.

His account of his rare first-hand exposure to Ayatollah Khomeini runs counter to assessments by U.S. and other intelligence analysts who have said they believe the ayatollah could die within a year. Some of these analysts have said they believe Ayatollah Khomeini suffered some sort of attack in October that severely weakened him and led to increased jostling for power among some other clerical leaders in Iran.

The ayatollah is believed to be suffering from an advanced form of prostate cancer and from a heart ailment and may be taking large amounts of medication, according to these analysts.

During the audience, which included Iranian clerics and Afghan guerrillas, Mr. Nader said, Ayatollah Khomeini defended his determination to continue the war with Iraq and criticized the Soviet military intervention in Afghanistan.

Mideast Peace Effort: Progress, With Complications

By David K. Shipler
New York Times Service

WASHINGTON — Although intensive diplomatic efforts in recent weeks among Jordan, Israel and the United States have made some progress toward agreement on a format for an international peace conference on the Middle East, major differences remain on how the Palestinians would be represented and how much authority such a conference would have, according to U.S. officials.

Because of these obstacles, U.S. officials and Middle Eastern diplomats express doubt that a conference can be convened soon. They cite questions about a Soviet role and internal Israeli and Palestinian political maneuvering as other complications.

"It's like everything in the Middle East except war — it goes very slowly," a Reagan administration official said. "There has clearly been some real progress recently, but everything could fall apart."

Most of the movement has been on procedural questions, officials said. This is reflected in guidelines for a conference that have been circulated among the United States, Jordan, Israel and Egypt.

It is not clear who drafted them or whether they contain principles on which the parties have agreed. President Ronald Reagan sent a

letter April 24 to Prime Minister Yitzhak Shamir of Israel repeating Washington's qualified endorsement of an international conference. U.S. officials said the letter was partly an effort to help repair relations with Jordan.

U.S. ties with Jordan were hurt by disclosures that the United States sold arms to Iran in exchange for hostages while urging other nations not to deal with terrorists or provide arms to Iran.

Mr. Shamir opposes the concept of a conference, but Foreign Minister Shimon Peres is using the issue against him.

Mr. Peres has allowed aides to give the impression of a major breakthrough that might lead to the collapse of the national unity government in which he has shared power with Mr. Shamir, who leads the Likud bloc. Mr. Reagan's letter bolstered the position of Mr. Peres, who leads the Labor Party.

Mr. Peres has apparently drawn encouragement from a recent meeting that he and Defense Minister Yitzhak Rabin are reported to have held with King Hussein of Jordan.

The idea of an international conference originated with Hussein, who has maintained that a broad umbrella is needed to legitimize any direct talks with Israel over the future of the Israeli-occupied West Bank.

Under this idea, the conference would include the five permanent members of the United Nations Security Council — the United States, the Soviet Union, China, France and Britain — as well as Israel, Arab countries and the Palestine Liberation Organization.

The Reagan administration, wary of inviting the Soviet Union into the diplomatic process, has insisted that a conference adjourn quickly into direct talks between Jordan and Israel and that the full conference have no power to veto a Jordanian-Israeli agreement.

The Soviet Union, by contrast, has held out for a substantive conference and is not regarded as willing to lend its name to a meeting that would have no authority.

In recent discussions, this question is said to have been boiled down to the procedural question of what would happen if Jordanian-Israeli talks hit an obstacle or reached accord.

Israel and the United States do not want such matters referred to

the full conference for resolution, veto or ratification.

The Soviet Union apparently relaxed its demands on this point in February, when the Soviet ambassador to Jordan said Moscow would not require such issue of agreement to be ratified by the full conference.

Jordan insists, however, that the Security Council guarantee the final agreement.

The other major issue is what form Palestinian representation would take. A recent Soviet-Syrian communiqué reiterated a demand that the PLO attend.

Israel, however, rejects the PLO as a participant, and the United States would accept the organization only if it endorsed UN Security Council Resolutions 242 and 338, which imply recognition of Israel's right to exist.

Over the years, the Soviet Union has also urged PLO leaders to accept the resolutions, to no avail. Long efforts by Hussein to get Yasser Arafat, the PLO leader, to

renounce terrorism and accept the resolutions have failed.

By some analyses, the recent conference of Palestinian factions in Algiers complicated the task of reaching an accord on Palestinian representation. The PLO formally capot an agreement with Jordan; to join in selecting Palestinians for a joint delegation. The agreement had already been renounced by Hussein.

A senior U.S. official speculated that this could improve the chances that Hussein would go to a conference without the PLO, selecting Palestinians from the Israeli-occupied West Bank and Gaza Strip for part of his delegation.

In achieving unity among disparate groups within the PLO, Mr. Arafat may have given the organization a more radical posture.

Other officials and Middle Eastern diplomats say, however, that hardly any respected Palestinians would be willing to risk the personal danger involved.

Libya Is Said To Ask Arms From China

WASHINGTON Post Service

WASHINGTON — Libya's leader, Colonel Moammar Gadhafi, has turned to China for weapons after the Soviet Union refused to send him additional arms, according to Reagan administration officials.

The officials said the Soviet leaders have been distancing themselves from Colonel Gadhafi over the past several months.

One administration official theorized last week that Colonel Gadhafi was turning toward China not to establish a new relationship but to put pressure on the Soviet Union to renew shipments of arms "even though he has got far more than he needs."

Officials attributed the chill in Soviet-Libyan relations to a dispute over an oil-for-arms agreement and to the inept way the Libyan forces have used weaponry received from the Soviet Union.

Under a May 1986 agreement, officials said, Libya was supposed to offset the cost of Soviet arms with oil shipments. The Libyans shipped 100,000 barrels a day to the Soviet Union, starting in August 1986, but suspended shipments in January. The Russians responded, officials said, by suspending planned shipments of arms to Libya and have not resumed them in any major way.

Soviet disillusionment with Libyan military skills stems from the Libyans' poor performance during the U.S. bombing raid last year, officials said. More recently, the Libyans abandoned tons of first-line Soviet helicopters and vehicles in their retreat from Chad.

A Libyan specialist at the State Department said he doubted that any sizable Libyan-Chinese arms agreement would emerge from current negotiations.

King Hussein Is Said to Bring About Meeting of Syrian and Iraqi Leaders

By Glenn Frankel
Washington Post Service

JERUSALEM — King Hussein of Jordan convened a secret meeting last week between two of the Middle East's most implacable foes, the leaders of Syria and Iraq, according to Israeli sources.

The sources said President Hafez al-Assad of Syria and President Saddam Hussein of Iraq held two days of talks early last week in a town near a Jordanian Air Force base, which one source said was in northern Jordan.

The talks came immediately after Mr. Assad's return from Moscow, where he met with Mikhail S. Gorbachev, the sources said.

They said they did not know whether any agreements were reached by Mr. Assad and Mr. Hussein. The two last met in 1979 in an attempt to unite their countries.

Israeli experts say they believe the latest meeting could lead to tacit Syrian neutrality in the Gulf war, a conflict in which Syria has been the only Arab nation to consistently support Iran against Iraq.

It also could lead to a further break between Syria and Iran in Lebanon, where Syria's efforts to reassert military supremacy in the Beirut area has run into resistance from Shiite Moslem fundamentalist groups allied with Iran.

If successful, the meeting would be a major coup not only for Hussein but for the Soviet Union,

which has had close military ties over the years with both Syria and Iraq but has been unable to end the enmity between them.

Yusef Olmert, an expert in Syrian affairs at Tel Aviv University's Dayan Center for Middle Eastern and African Studies, said that reliable Israeli sources gave him an account of the secret meeting, first divulged to The Washington Post by other sources.

He said the timing of the meeting, just after Mr. Assad's trip to Moscow, suggested that the Soviet Union was engaged in "a process of reconciliation between its various clients in the Middle East."

The long-standing enmity between Iraq and Syria and between their leaders is both historic and personal, Mr. Olmert noted.

The two nations are ruled by rival wings of the Arab Ba'ath Socialist Party, which took power in each through military coups in the early 1960s.

The various players have different reasons for supporting a Damascus-Baghdad rapprochement now, Mr. Olmert and other analysts said.

For Mr. Assad, it is a chance to mend fences with the rest of the Arab world, which, with the prominent exception of Moammar Gadhafi of Libya, has supported Iraq in the Gulf war.

It is also an opportunity to respond positively to the Soviet Union, upon which Mr. Assad re-

lies for military and financial aid, at a time when Syria is said to be floundering economically.

For Saddam Hussein, détente with Syria would end the hostility on Iraq's western border and further isolate Iran.

For Jordan and Saudi Arabia, which is believed to support the king in this effort, a Syrian-Iraqi rapprochement would help establish Hussein's credentials as a power broker and mediator in the region.

Finally, for the Soviet Union, such détente would enhance Moscow's efforts to re-emerge as a major player in the Middle East.

TRAVEL UPDATE

Venice Seeks to Curb Flood of Visitors

VENICE (Reuters) — City officials called an emergency meeting on Sunday to consider restricting the flood of tourists that has more than doubled Venice's normal population, stretched public transport to the limit and provoked complaints from residents.

The bridge from the mainland was closed Saturday and one-way pedestrian systems were enforced in narrow lanes along canals as more than 100,000 tourists visited Venice for the third straight weekend.

The city council said it would meet again Thursday to decide whether to restrict the number of visitors. Suggestions under consideration include distributing entry tickets or stopping trains to Venice at the mainland to regulate the flow of incoming tourists.

Cruise Ship Passengers to Get Refunds

LONDON (AP) — All 1,200 passengers aboard the luxury liner Queen Elizabeth 2 have been offered a 40-percent cash refund on their fares, according to a spokesman for Cunard Lines, the British company that owns the vessel. The ship is scheduled to arrive Monday in New York.

The offer Saturday was prompted by a torrent of complaints about faults during the liner's maiden voyage following major renovation work. Unavailable facilities included the swimming pools and the movie theater, and in some cabins television sets were reported out of order. More than 80 passenger cabins were not ready, some showers, telephones and toilets did not work, and many meals were served cold. Passengers paid up to \$5,810 apiece for the trip, which began Thursday in Southampton, England.

Alan Kennedy, the Cunard Lines chairman, said passengers would receive the refunds by May 27. Mr. Kennedy, who is aboard the liner, added that he had written to each passenger offering apologies for the problems.

Sixteen airline accidents killed 336 passengers on scheduled flights last year, a sharp drop from the 1985 record of 22 fatal accidents and 1,066 deaths, the International Civil Aviation Organization, a United Nations body, reported Friday. (Reuters)

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries this week because of national and religious holidays:

MONDAY: Barbados, Britain, Israel, Japan, Romania.

TUESDAY: Japan, Mexico, South Korea, Thailand.

WEDNESDAY: Syria.

FRIDAY: France, Monaco, New Caledonia.

SATURDAY: Czechoslovakia, Soviet Union.

Source: Morgan Guaranty Trust Co.

DOONESBURY



OPERA

PERFUMES
COSMETICS
LEATHER GOODS
LIGHTERS
PENS
GIFTS

jewellery
shirts
ties
scarves
watches

raoul & curly
raoul & curly s.a. 47, av. de l'Opera 75002 Paris
Tel.: 47-42-50 10

ALL THE MAJOR BRANDS

MAINTENANCE
TAX FREE SHOP

WORLDWIDE ENTERTAINMENT

PANACHE

LIDO

The most famous night-club in the world.

8 p.m. dinner dance, champagne and show F 495.
10.15 p.m. and 0.30 a.m., champagne and show F 340.

Service included.

116 bis, Champs-Elysees, Paris-Telex 641433 F
Tel.: (19-1) 45.63.11 61 and agencies.

UNIVERSITY DEGREE

BACHELORS • MASTERS • DOCTORATE

For Work, Academic, Life Experience.

Send detailed resume for free evaluation.

PACIFIC WESTERN UNIVERSITY

400 N. Sepulveda Blvd., Los Angeles, California 90049, Dept. 23, U.S.A.

GENEVA

Hotel Rotary
Rue du Candrier 18-20
CH-1201 Geneva
Tel: 022/31 52 00
Tx. 289 999

ZURICH

Continental Hotel
Stampfenbachstrasse 60
CH-8006 Zurich
Tel: 01/363 33 63
Tx. 55 393

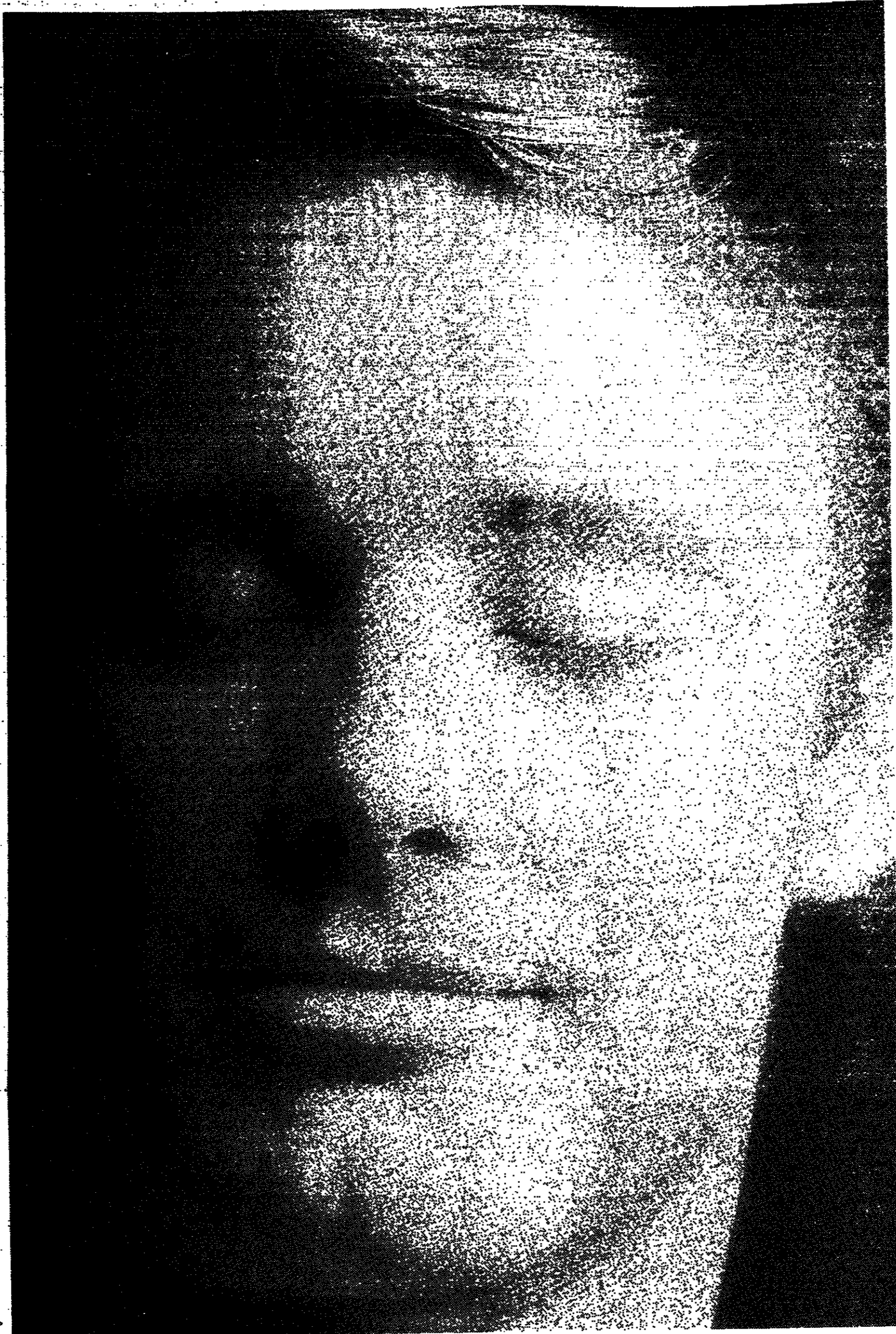
LUGANO

Hotel Commodore
Riva Cocchia 6
CH-6900 Lugano
Tel: 091/54 39 21
Tx. 79 531

WHERE FRIENDLY SERVICE AWAITS YOU

July 10 1980

WHAT DOES
OLYMPUS MEAN TO
THE PSYCHE? ▶



In modern medical diagnosis and therapy, the precision of scientific methods is not the only deciding factor between success and failure. A basic human impulse plays a significant and determining role: the patient's fear. Olympus is working towards removing this fear with painless and reliable diagnosis. Flexible endoscopy has been shown in practise to result in a measurable relief of human stress. For Olympus, this is clear confirmation of its leading world position

in this field. And now we have achieved an endoscope diameter of only 1.2 mm for use in coronary medicine.

The move towards flexible solutions in medicine is a reflection of the forward-thinking attitudes and outlook of our staff, who believe that people are just as important as machines.

OLYMPUS

SCIENCE FOR LIFE

Copy in 11/87

Campaigning for President, Iowa-Style

By E.J. Dionne Jr.
New York Times Service

DES MOINES, Iowa — "Ruth, this is Congressman Gephardt calling. How are you? Hot? How are you doing on the farm? The hogs are helping a little, aren't they? So you're breaking even?"

This is campaigning for president of the United States, Iowa-style. Representative Richard A. Gephardt, a Democrat, has his feet on a desk, a telephone to his ear, is looking down at the sheet of papers before him. They are "call request forms," a cross between intelligence reports and a who's who in Iowa Democratic politics.

Mr. Gephardt is talking to Ruth Bolie in Thompson, Iowa, and the call sheet tells him she is "close to Harlan and Marge Johnson" and "can organize if her heart is there."

The congressman mentions in passing that Harlan and Marge are in his camp and chats for 15 minutes about farming, the weather and Aunt Minnie down the road. Mr. Gephardt seeks no commitment but promises to see Ruth and her husband, Dave, soon.

Iowans, who will provide the first big test of the presidential campaign on Feb. 8, 1988, expect this sort of thing from candidates, and Mr. Gephardt is giving them more of it than almost anyone else.

But he is not alone. Every Republican and Democrat running for the White House knows that several candidates will die in Iowa, at the hands of voters like Ruth Bolie and Marge Johnson, who in turn will give other candidates a mighty push toward nomination.

For it is in Iowa, a place of farm

foreclosures and factory layoffs, that the process of weeding out a crowded presidential field will begin. Its caucuses start the long process of selecting state delegates to the national conventions. And for Democrats especially, the early test in Iowa is more important than usual.

This is partly because Governor

Every Republican and Democrat running for the White House knows that several candidates will die in Iowa, at the hands of voters like Ruth Bolie, while others will get a mighty push toward nomination.

Michael S. Dukakis of Massachusetts is accorded something like favorite-son status in New Hampshire, which votes eight days after Iowa. And with as many as 20 states, most of them in the South, voting March 8 on what is being called Super Tuesday, the entire campaign has been speeded up. Iowa's voice will be echoing while many of the national convention delegates are being chosen.

"Iowa owes a lot to Michael Dukakis and to the South," said Philip Roeder, the Iowa Democratic Party's communications director.

The party caucuses will afford Iowa an opportunity to air its discontent. There are few states where voters have more reason to be angry.

In a speech April 27, Dale Cochran, the Iowa secretary of agriculture, said that while the economy

was showing signs of turning around, the damage was great: The state has 9,000 fewer farms than it did in 1981 and 4,000 others are in or near bankruptcy.

More than a third of the state's dealers in farm implements have closed since 1980. At John Deere, the large employer and manufacturer of farm equipment, there are written thousands of notes. He has visited the Democratic sick in hospitals. He has aided Democrats in campaigns from the governorship to county sheriff.

It is a strategy that worked for Jimmy Carter in 1976, but supporters of Mr. Biden and Mr. Babbitt are skeptical that it will work again. And these candidates have been very busy in Iowa too.

On the Republican side, the contest is shaping up as an old-fashioned showdown between Vice President George Bush and Bob Dole, the Senate minority leader. But the impact of the Iowa result could be diluted by early Republican contests in Michigan and South Dakota.

There could also be some Republican surprises. Former Governor Pierre S. du Pont 4th of Delaware, unnumbered by public office or fame, can wander the state freely, running a variant of the Gephardt strategy.

What makes Iowa so difficult to predict is its arcane caucus procedure. There is no telling how many of the state's 1.6 million voters will show up in February to stand up for their candidate. As Penny Brown, the local coordinator for Representative Jack Kemp, Republican of New York, put it: "The average human being doesn't go to a caucus."

Democrats literally stand up for their candidates, and sometimes, if their numbers are small, have to merge with other candidate groups to win representation to subsequent conventions in the selection process. The Republicans have a straw poll, much closer to a primary, but voters still must go to caucus meetings to vote.

Tambo Says U.S. Officials Ordered Aid To Contras

By Joel Brinkley
New York Times Service

PHOENIX, Arizona — Lewis A. Tambo, who resigned as U.S. ambassador to Costa Rica in January amid reports that he and his staff had improperly assisted the Nicaraguan rebels, says all his actions were taken on specific orders from senior government officials in Washington.

"Now the people who gave us the orders are trying to paint us as running amok," said Mr. Tambo, a professor of history at Arizona State University, on Saturday in his first interview on the subject since leaving office. "It's insane."

Officials of the U.S. Central Intelligence Agency and the State Department repeatedly have denied having anything to do with the covert and apparently illegal program to aid the Nicaraguan rebels, known as contras, in 1985 and 1986. The Reagan administration has said the program was entirely directed by Lieutenant Colonel Oliver L. North, the former National Security Council aide.

Mr. Tambo said his orders came from the Restricted Interagency Group, an informal organization of U.S. government officials who helped set contra policy.

He said that many officials took part in some meetings of the group that the three key officers, who gave him his orders, were Colonel North; Alan D. Fiers, who helped make policy as head of the CIA Central American Task Force; and Elliott Abrams, the group's chairman. Mr. Abrams is the assistant secretary of state for inter-American affairs and was Mr. Tambo's immediate supervisor. Spokesmen for Mr. Abrams and the CIA denied the allegations.

During most of 1985 and 1986, federal law prohibited government involvement in military aid to the contras. In response to Mr. Tambo's statements, spokesmen for both the CIA and the State Department denied that the officials involved had acted improperly.

Mr. Tambo said that officials in Washington directed him and the CIA station chief in Costa Rica to give logistical help to the contras and to the Americans flying weapons and other supplies to the rebels. He said he never knew with certainty what was on the flights.



"WITHOUT A MIRACLE . . ." — With his wife, Tammy Faye, the Reverend Jim Bakker made his first public appearance since leaving the PTL television ministry March 19 in a sex scandal. He said in Palm Springs, California, that "without a miracle of God, we will never minister again," and said that PTL owed him millions in royalties.

For Crime Victims, Rights but No Gifts

Thirty-three states permit crime victims or their next of kin to appear before parole boards, compared with only six in 1982, and 11 others permit written statements to be filed. But victims or relatives have to assert their rights. The New York Times reports.

"Crime victims are the forgotten people," said Paul Garland, a New York lawyer whose daughter was murdered in 1977. "We are kind of like lepers. People turn away from us."

A Fort Worth, Texas, woman who asked that her name not be used said that prison officials treated her shabbily while deferring to the family of the man who tried to murder her.

But Stephen Blankenship of the California parole board said, "The law has made the victim an important part of the process here."

No Kennedy family member has ever appeared when Sirhan B. Sirhan, who murdered Robert F. Kennedy in 1968, has been considered for parole, but the Los Angeles district attorney always sends a representative to oppose release, Mr. Blankenship said.

Doris Tate, mother of Sharon Tate, the actress who was murdered by followers of Charles Manson, always appears at his hearings to oppose his parole.

Notes About People

Oliver Stone has written or directed such gory films as "Midnight Express," "Scarface," "Salvador" and "Platoon." He says that with his next film, "Wall Street," which concerns corporate raiders, he is phasing out of violence. The son of a stockbroker, Mr. Stone, 40, dropped out of Yale University to volunteer for the infantry in Vietnam and was wounded twice. He told The New York Times that Wall Street has its own brutalities, but that "there's no question that 'Platoon' is the end of the blood cycle." He added, "I think I got everything I had to get out of me on that."

Peter O'Toole has made his Broadway debut at age 54 in George Bernard Shaw's "Pygmalion," with Amanda Plummer and John Mills. The production, from its star-studded cast to its "elaborate yet slightly tacky scenery," says The New York Times, "defines the West End midweek matinee. This is theater to sip Earl Grey tea by."

No one can accuse Jane Wollinger of capitalizing on the position of her husband, Defense Secretary Caspar W. Weinberger. The note on the dust jacket of her new book on fund raising, "Please Buy My Violets," says that "she spends part of each year in Washington, where her husband works with the government."

—ARTHUR HIGBEE

U.S., Allies Bolster Bases In Atlantic

By David Fouquet
Washington Post Service

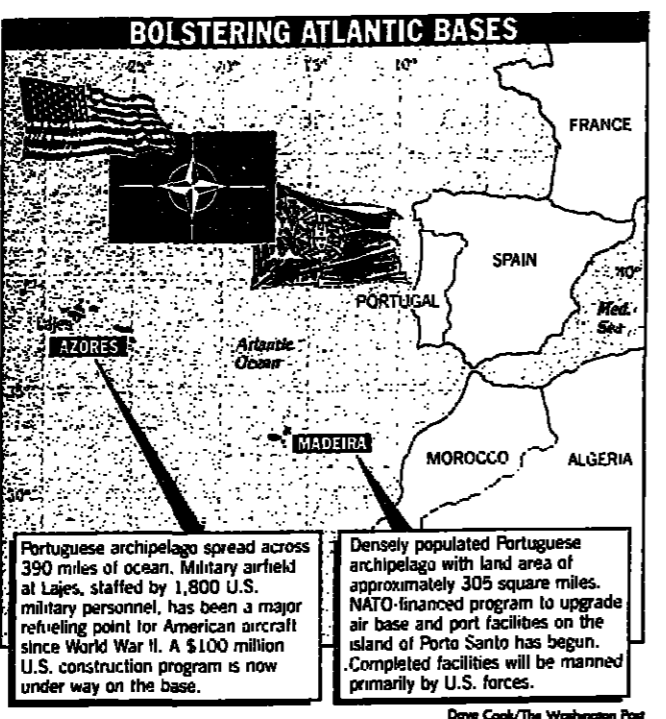
LAJES, Azores — The United States and its NATO allies have begun a major buildup of military facilities in the Portuguese island groups of the Azores and Madeira to counter what they say is an increased Soviet threat to Western shipping and rapid wartime reinforcement of Europe.

Some of the stimulus is said by senior military officials to be an increase in the Soviet air and naval presence in Angola. The officials described that presence as a potential threat to the flow of oil and raw materials to the West.

The construction program in the Azores is said to be costing nearly \$100 million, a sum reported by the U.S. base commander to be as large as for any such U.S. Air Force project.

A North Atlantic Treaty Organization program in the Madeira group is aimed at providing a "viable forward support base" for operations below the Tropic of Cancer, more than 1,000 miles (1,600 kilometers) south of the islands. The parallel is normally NATO's limit of operations.

While officers at NATO's Iberian Atlantic Command near Lisbon said no formal allied military operations had taken place below the Tropic of Cancer, a recent alliance



Portuguese archipelago spread across 390 miles of ocean, military airfield at Lajes, staffed by 1,800 U.S. military personnel, has been a major refueling point for American aircraft since World War II. A \$100 million U.S. construction program is now under way on the base.

Densely populated Portuguese archipelago with land area of approximately 305 square miles. NATO-financed program to upgrade air base and port facilities on the island of Porto Santo has begun. Completed facilities will be manned primarily by U.S. forces.

Dave Cook/The Washington Post

Quebec Ends Holdout on Constitution

New York Times Service

TORONTO — After 20 years of uncertainty about its place in the Canadian confederation, Quebec has agreed to end its holdout and sign the Canadian Constitution.

"What we have now is a whole country," said Prime Minister Brian Mulroney as he announced the agreement on Friday in Parliament in Ottawa. The announcement was greeted with a standing ovation from all political parties in the House of Commons and by a widespread sense of relief and celebration elsewhere in Canada.

The breakthrough came at a 10-hour meeting on Thursday, at which Mr. Mulroney and the premiers of the nine other provinces agreed to write into the constitution a provision acknowledging Quebec's status as a "distinct society" within Canada.

Other Quebec demands were met with what would prove to be the biggest decentralization of federal powers to the provinces since Canada was founded in 1867. Granting all provinces what Quebec had demanded for itself, Mr. Mulroney agreed that they would henceforth have a say over immigration and appointments to the Canadian Supreme Court, as well as a veto over constitutional changes affecting national institutions and provincial boundaries.

Before becoming final, the accord must be formally ratified by the 10 provinces and the federal government, then submitted to Parliament and the provincial legislatures. Approval is expected.

EC Charity Snubbed in South Africa

By David Osborne
Special to the Herald Tribune

BRUSSELS — South African charity organizations, protesting the European Community's economic links with Pretoria, have snubbed a \$20 million EC aid program for victims of apartheid.

The charities, which last year spent almost \$10 million of EC funds inside South Africa, have said they will take no more money while Europe continues to do business with Pretoria.

Last September, EC foreign ministers doubled the fund for 1987 after agreeing on only limited sanctions against Pretoria, banning the import of iron, steel and gold coins and putting a freeze on investment in South Africa.

The aid program began last year, was hailed by EC governments as a pioneering attempt to balance sanctions with material support for South Africa's black population. But critics were quick to condemn the "positive measures" as an inexpensive sop to those pressing for an all-out boycott of Pretoria.

Most of the money was channeled through the South African Council of Churches and the Johannesburg-based Kagiso Trust, in coordination with European charities. Brussels stipulated that the money should go to nonpolitical and nonviolent organizations — ruling out the African National Congress as a possible beneficiary — and that it be used for humanitarian aid only.

An EC Commission official has confirmed that the main charities involved have stopped submitting fresh projects for EC funding.

She said a delegation, led by the Reverend Beyers Naude of the South African Council of Churches and Ahmet Dangor, director of the Kagiso Trust, had come to Brussels "up in arms" and refused to take any more EC cash until firmer action was taken against Pretoria.

"They accepted our criteria for using the money when the scheme began last year and we told them there is no way we can change those," she said.

Unrest and South Africa Voting Violence Is a Double-Edged Sword for National Party

By William Claiborne
Washington Post Service

SPRINGS, South Africa — When striking black railroad workers set fire to some commuter coaches in this blue-collar Transvaal industrial city last week, Piet Coetzter, the local National Party member of Parliament, rushed to the locomotive depot to talk to white employees.

"I told them exactly where the strike began, and that as bad as the violence is, if we don't do something to accommodate the blacks," the black trade unions "will become more and more politicized," said Mr. Coetzter, who is running for re-election. "They will use the trade unions to get the revolution going."

"I told them that blacks have no member of Parliament to whom they can take their grievances," he added, "and until they have the same thing we have, the unions will become politicized." Mr. Coetzter is regarded as a *verligte*, or liberal, in the ruling National Party.

"They understood that, but they were still frightened," he said. "The

As the sanctions issue evaporated of lack of interest, the Nationalists shifted gears. First, they focused on a handful of party defectors running as independents. Then they attacked the Progressive Federal Party, equating its platform with that of the outlawed African National Congress.

But on the eve of Wednesday's voting, a revival of racial unrest clearly has overtaken the previous issues. Nowhere is it a more sensitive issue than in Springs, where, as Mr. Coetzter says, "it makes people go for their guns."

The 21,000 voters of Springs, which is east of Johannesburg, are working class, conservative and patriotic.

"If we had a snap election in December, we would have killed these guys," meaning the Conservative Party, "with the sanctions issue," said Mr. Coetzter. He conceded that the National Party is no longer controlling the issues but is responding to them.

Mr. Coetzter said he was concerned about the possibility of a low voter turnout Wednesday, a common election phenomenon in Springs with its large number of shift workers, but one that could be exacerbated by unrest in Johannesburg and elsewhere.

"If a rumor gets around that there's going to be a terrorist attack on election day, they'll stay away," said Mr. Coetzter. "That's a problem for us. But the Conservative Party and the AWP love it." AWP are the Afrikaners initials for a neo-fascist group. "They'll come in the polling box armed," he added.

That the National Party will be returned to power Wednesday is not doubted by Mr. Coetzter or by political analysts. The only questions remaining are whether the Progressive Federal Party will hold enough opposition party, or whether the Conservative Party, with 18 per cent enough ground to take the opposition benches.

The answer to those questions may depend on the actions in the coming days of angry young blacks who have no vote at all — and the government's response.

Sri Lankan Rebel Asks New Violence

New York Times Service

NEW DELHI — Tamil guerrillas will accept nothing less than an independent nation, according to the top Sri Lankan rebel leader, Velupillai Prabhakaran.

"There is no alternative except winning our freedom through struggle and shedding blood," he said in a statement Saturday. Mr. Prabhakaran heads the Liberation Tigers of Tamil Eelam, the largest rebel force.

He underscored the Tamil refusal to join efforts by India to broker an accord with the Sri Lankan government.

Rebels Report Deaths Of 140 Angolan Troops

The Associated Press

LISBON — Angolan anti-Marxist rebels said they killed 140 government soldiers and four Cubans in fighting last week. The rebels said they defeated an army brigade and bombed a military airport.

The National Union for the Total Independence of Angola, known as UNITA, said in a statement Saturday that 195 Angolan soldiers were injured and 75 others were captured in the clashes.

Rebels Report Deaths Of 140 Angolan Troops

The Associated Press

LISBON — Angolan anti-Marxist rebels said they killed 140 government soldiers and four Cubans in fighting last week. The rebels said they defeated an army brigade and bombed a military airport.

The National Union for the Total Independence of Angola, known as UNITA, said in a statement Saturday that 195 Angolan soldiers were injured and 75 others were captured in the clashes.

ESORTS & GUIDES

INTERNATIONAL ESCORT SERVICE

USA & WORLDWIDE

Head office in New York
330 W. 5th St., N.Y.C. 10019 USA
212-765-7896
212-765-7754

MAJOR CREDIT CARDS AND CHECKS ACCEPTED
Private Escorts Available

Chatterly Club

ESORTS SERVICE
TRANSPORT AVAILABLE
AMSTERDAM
TEL: (0) 20-23261

LONDON

Portland Escort Agency
67 Chiltern Street,
London W1
Tel: 484 2724 or 484 1158
All major credit cards accepted

LONDON KENSINGTON

ESORTS SERVICE
10 KENSINGTON CHURCH ST., W8
TEL: 927 9136 OR 927 9132
All major credit cards accepted

LA VENTURA

NEW YORK ESCORT SERVICE
CREDIT CARDS
212-682-1666

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

ESORTS & GUIDES	ESORTS & GUIDES	ESORTS & GUIDES	ESORTS & GUIDES
ARISTOCATS	MADRID	ZURICH - NATHALIE	GENEVA BEST
REGENCY NY	ZURICH	GENEVA * GINGER'S	GENEVA ESCORT
LONDON BELGRAVIA	GENEVA * DESIREE*	GENEVA * GENEVA BEST	GENEVA ESCORT SERVICE
MAYFAIR CLUB	GENEVA * GENEVA BEST	GENEVA ESCORT SERVICE	GENEVA ESCORT SERVICE
CAPRICE-NY	GENEVA * GENEVA BEST	GENEVA ESCORT SERVICE	GENEVA ESCORT SERVICE
LONDON KENSINGTON	GENEVA * GENEVA BEST	GENEVA ESCORT SERVICE	GENEVA ESCORT SERVICE
LA VENTURA	GENEVA * GENEVA BEST	GENEVA ESCORT SERVICE	GENEVA ESCORT SERVICE

Dubcek, in Letter To Soviet, Assails '68 Czech Policy

By Alexander Dubcek
Agence France-Press

PRAGUE — Alexander Dubcek, the reformist Czechoslovak leader who was removed after the Soviet invasion in 1968, wrote a letter to Mikhail S. Gorbachev, before the Soviet leader visited here in April, a former party official, Milan Hubil, said here Sunday.

The five-page letter gave Mr. Dubcek's view of the Prague Spring liberalization process of 1968 and criticized the official Czechoslovak interpretation. Mr. Hubil said, Mr. Gorbachev, he said, was certain to have received the letter during his visit.

The letter has not been made public, and Mr. Hubil did not reveal its precise contents. It marked Mr. Dubcek's third known statement since he was ousted from the Czechoslovak Communist Party in 1970.

In 1974, he defended his liberal policies and complained about conditions of his internal exile in the Slovak capital of Bratislava. In 1985, he criticized the government of Gustav Husak in a letter quoted in a West German newspaper.

Concorde Barely Missed Small Jet Over England

Reuters

LONDON — A British Airways Concorde jet narrowly missed a small aircraft over western England last month, British Airways confirmed Sunday, following a newspaper report of the incident.

The Concorde missed a 15-seat turboprop by about 875 yards (800 meters) after taking off April 23 from London's Heathrow Airport for New York. The Observer newspaper said that the Concorde pilot had misunderstood or had failed to hear instructions from air controllers. An investigation is under way.

Handwritten signature or mark at the bottom of the page.

In Bavaria, Pope Honors Priest Jailed Under Nazis

MUNICH — Pope John Paul II beatified a German priest on Sunday who was jailed for repeatedly denouncing Hitler, saying the behavior of the Nazis was proof that the devil existed.

On the penultimate day of his visit to West Germany, the pope celebrated Mass before more than 80,000 people at the Olympic stadium in Munich, where he beatified the Reverend Rupert Mayer, a Jesuit priest imprisoned three times for condemning Nazi rule.

The ceremony in the mainly Roman Catholic capital of Bavaria followed the controversial beatification Friday in Cologne of Edith Stein, a Jewish-born Catholic convert who became a nun and died in the Auschwitz concentration camp in 1942. Beatification is the step before sainthood.

"There are times when the existence of evil among people is particularly apparent," the pope said. "Then it becomes even clearer that the powers of darkness that reside in and operate through man are larger than him. They come from outside and envelop him."

He added, "It seems that people today almost do not want to see this problem. They do everything to put the existence of these powers, these tactics of the devil... from their minds."

The pope has made several references during his visit to the church's much-criticized attitude to the Nazis, and has focused on the bravery of individual clerics.

He has repeatedly linked Stein and Mayer, saying they represented the fearlessness of what he called "the other Germany" during World War II.

The pope recounted the priest's story and said that he lived in an era that demanded courage to profess the Catholic faith.

Mayer was sent to prison twice for his strong stand against the Nazis before being taken to the Sachsenhausen concentration camp near Berlin in 1939.

The priest said of his imprisonment: "I do not regard it as a blessing but as the crowning glory of my life."

The Nazis, fearing that he was prepared to die for his beliefs, transferred him some months later to an isolated monastery in southern Bavaria.

Mayer, who had lost a leg while serving as an army chaplain in World War I, was freed by U.S. soldiers in 1945. He died of a stroke a few months later at the age of 69.

In Europe, With Its 'Living Ghosts,' the Reaction to Waldheim Is Cautious

By James M. Markham
New York Times Service

BONN — There are too many living ghosts of the Nazi past around for any European nation to feel that the case of Kurt Waldheim is an isolated Austrian matter.

This month, France warily confronts the trial of Klaus Barbie, the erstwhile Gestapo chief in Lyon; his lawyer has vowed to expose alleged betrayals by the French Resistance and even by the French Jewish community during World War II. And the ailing Rudolf Hess, once Hitler's deputy, just spent his 93d birthday in Spandau Prison in Berlin with Soviet officials involved in administering the city ignoring West German pleas that he be freed.

The Reagan administration's decision to place Mr. Waldheim on its "watch list" of 40,000 former Nazis, communists, common criminals and people with contagious diseases met with a studied official silence in European capitals last week — except, of course, in roiled Vienna. Washington's action made Mr. Waldheim the first head of state to be placed on a list of people to be excluded from the United States.

European governments have a tendency to separate moral imperatives from interests of state, and they are made uncomfortable by the American penchant for seizing the moral high ground — from which it is so easy to slip. Should Stalin have been banned from the United States in an earlier time? Should Augusto Pinochet of Chile or Alfredo Stroessner of Paraguay be banned today? Where does one draw the line?

Even so, well before the Justice Department's dramatic decision to exclude Mr. Waldheim because it found apparent evidence of his involvement in Nazi war crimes, several European nations quietly had indicated their aversion to the man.

Monarchs took the lead. Queen Beatrix of the Netherlands, whose nation suffered at the hands of some prominent Austrian Nazis in the war, disinvited Mr. Waldheim from the opening of an extensive network of dikes on the Dutch coast; an invitation had been proffered to his predecessor. She also has stopped taking her annual ski vacation at the Austrian resort of Lech for the duration of Mr. Waldheim's six-year mandate.

In Amsterdam, there have been protests over an invitation extended to the Austrian chancellor, Franz Vranitzky, to attend the inauguration of a Jewish museum. Last fall, King Baudouin I of Belgium said he would not open an Austrian festival in Brussels if Mr. Waldheim came. Mr. Waldheim, a former United Nations secretary-general, stayed away. And France decided not to send André Lewin, who was a Waldheim aide at the United Nations, as ambassador to Vienna, as he seemed too close to the Austrian president.

Mr. Waldheim told a Belgian newspaper recently that he had been invited to visit several European countries but did not want to name them for fear of jeopardizing the trips. Press leaks in Vienna have sabotaged tentative attempts to get invitations from Ireland and Japan.

The prime minister of Canada, Brian Mulroney, said Mr. Waldheim would be unwelcome, but not officially barred.

The Justice Department's action will make it difficult for any West European nation to consider having the Austrian president as a guest.

Mr. Waldheim is likely to remain the most ostracized head of state in Europe, and may have to settle for visits to such places as Jordan and Egypt, which have invited him. In his UN days, Mr. Waldheim enjoyed traveling, and his new status is likely to be painful for him.

Many West European editorial writers noted that Mr. Waldheim's unrepentant insistence that he saw or did no wrong during the Balkans campaign in World War II had aggravated his isolation.

"The American decision," said the Copenhagen daily newspaper Information, "is encouragement for those who believe that the Nazi barbarity was something unique which the international community must, and can, combat." It said the Waldheim case provided "the best proof that this combat has lost none of its meaning."

In West Germany, Chancellor Helmut Kohl, who praised Mr. Waldheim as "a great patriot" when the Austrian's war record first came under scrutiny a year ago, remained silent on the U.S. action.

But there have been twinges of sympathy for the beleaguered Austrian president in the press. Johann Georg Reissmüller, a publisher of the conservative Frankfurter Allgemeine Zeitung, accused the United States of hypocrisy for having in the past received statements who had been involved in "bloody mass crimes."

"Why?" asked Mr. Reissmüller. "America didn't want to slight states that it might need. No one has so far proved that President Waldheim did anything dishonorable, but the superpower America thinks it can deal with little, neutral Austria as it likes."

The Austrian president had other defenders in Europe. The Soviet press agency Tass asserted that "Zionist circles" in the United States had sought to punish Mr. Waldheim for his pro-Arab views at the United Nations.

And before the week was out, Mr. Waldheim had secured a European invitation — to visit Hungary next year.

Waldheim Reportedly Backed Arabs

JERUSALEM — Kurt Waldheim wanted to help Moscow and its Arab allies against Israel while he was United Nations secretary-general during the 1973 Middle East war, his former private secretary has asserted.

In an interview in London that appeared Sunday in the English-language Jerusalem Post, Robert Rhodes-James said that "Kurt Waldheim's actions as UN secretary-general during the Yom Kippur war were designed to aid the Soviet Union and its Arab allies to the detriment of Israel."

Mr. Rhodes-James, a Conservative member of the British Parliament and a well-known historian, said: "Waldheim failed to act impartially during the Yom Kippur war. He maintained a prolonged silence until the military situation turned to Israel's advantage."

"I said to him: 'You have to say something. A war is raging.' But there was no response, because he was waiting for an indication from the Soviet Union on when his intervention would be appropriate. It was appropriate when the Soviet Union and its allies were being defeated. When they were winning, of course, he said nothing."

As to Mr. Waldheim's character, Mr. Rhodes-James said that "during my years at the UN, I found Waldheim a ranting, rude, bullying egomaniac, and this view was shared by most of those in the secretary-general's office."

In another development, the secretary-general of the conservative Austrian People's Party, Michael Graff, said Sunday in Vienna that the Austrian government should ask the U.S. authorities for the documents used in reaching the decision to bar Mr. Waldheim from private visits to the United States.

Mr. Graff said the government should form an international commission of historians to consider the case, as Mr. Waldheim has asked. Chancellor Franz Vranitzky also has supported the formation of such a commission.

Polish Police Use Batons On Marchers

WARSAW — Police officers used batons Sunday to break up independent marches marking Constitution Day in Krakow, Lodz, Wroclaw and Warsaw. Polish opposition sources said about 200 demonstrators were detained.

The sources said police in full riot gear charged marchers in Krakow following celebrations at Wawel Cathedral that were attended by about 10,000 worshippers. At least 150 people were detained.

The clashes followed a rally outside the cathedral sponsored by the Confederation of Independent Poland.

"It was the first time in quite a while that ZOMO's in battle dress have been deployed against independent marchers," one Krakow activist said. ZOMO is the acronym by which the Polish riot police are known.

Opposition sources said later that hundreds of worshippers remained on Wawel hill, the site of the royal castle and cathedral complex, rather than venturing into Krakow's heavily patrolled old town district.

About 40 demonstrators were detained in the southwestern city of Wroclaw where baton-wielding police stopped an attempted march by Solidarity supporters after a Constitution Day Mass at the local Jesuit church.

The plainclothes police took banners and flags from the marchers and beat them with the aluminum flagpoles, one source said.

In Lodz, Poland's textile capital, police also dispersed several hundred marchers who planned to place a wreath at a monument to Tadeusz Kosciuszko, an 18th-century national hero, and several people were detained.

In Warsaw, riot police dispersed without force a demonstration by about 1,000 people who chanted "No freedom without Solidarity" and other union slogans outside St. John's Cathedral in the city's Old Town district.

The demonstration followed a Mass marking the May 3 anniversary that was attended by an overflow crowd of 5,000.

Riot police broadcast calls for the crowd to disperse and cordoned off the street in front of the church to prevent a march from forming.

The police chased several hundred people back into the church. They later were escorted through the police lines by priests.

At least a dozen people were detained, including a CBS television crew from New York and a Canadian television crew.

The Sunday anniversary, honoring Poland's liberal constitution of 1791, has been a rallying point for opposition activists since the Communist takeover after World War II.

CONGRESS: In Iran-Contra Hearings, a Test Nears

(Continued from Page 1)

staff regarding fund-raising for the Nicaraguan democratic opposition.

Last week, however, it was revealed in court that less than a month earlier, Lieutenant Colonel Oliver L. North of the National Security Council staff and Carl R. Channell, the fund-raiser who has pleaded guilty to fraud in the affair, met in Dallas with three potential contributors to a foundation that raised money to help the Contras.

Later in the hearings, another former national security adviser, Vice Admiral John M. Poindexter, and Colonel North, who was dismissed from the security council staff in November, are expected to testify.

Since the Iran-contra affair burst into the open late last year there have been congressional hearings by four committees, a report by the Senate intelligence committee, a more detailed report by a presidential review board headed by former Senator John G. Tower, two General Accounting Office studies, a continuing investigation by an independent counsel, Lawrence E. Walsh, and four months of inquiry by House and Senate investigators setting the stage for the public hearings that are to begin Tuesday.

Many government officials and legislators have said that most of the significant facts about the affair have been disclosed and all that remains is to trace the money, decide who broke the law and determine what the president knew.

The guilty plea of Mr. Channell last week, however, suggests that this may not be the case.

Polish, Chinese Links

Congressional committees have uncovered detailed evidence that the Reagan administration solicited aid for the Nicaraguan rebels from Poland and China. The New York Times quotes a congressional official as saying:

The official said Friday that the committees' evidence of dealings with China included the first sales of Soviet-designed anti-aircraft missiles to the Contras. He said the sales were arranged by at least one former White House official.

The Contras were said to have bought arms from Poland when the Poles were also shipping weapons to the Nicaraguan government.

Reagan administration officials speculated that China's motive was to counter Soviet influence in the region and bolster ties with the United States. One official suggested that Poland's motive may have been its need for hard currency.

NAKASONE: Talks 'Fruitful'

(Continued from Page 1)

did not expect the tariffs to be removed before June at least.

Aides said that Mr. Nakasone had gone to Washington hoping to persuade Mr. Reagan to remove the tariffs immediately.

The tariffs were imposed because of Japan's alleged failure to enforce an agreement with the United States to limit the sale of semiconductors — the memory microchips used in computers — to other countries at below cost.

Mr. Nakasone, as part of his negotiations in Washington, announced that Japan had taken steps to lower short-term interest rates, which should stimulate its economy and perhaps enable the United States, with its huge trade deficit, to sell more goods there.

He also promised to make more than \$20 billion in loans to developing countries and said that the recipients did not have to buy their goods from Japan.

Leaders of the ruling Liberal Democratic Party expressed doubt Sunday that Mr. Nakasone could keep the promises he made in Washington, United Press International reported from Tokyo.

[The leading economic daily, Nihon Keizai Shimbun, reported that Raizo Matsuno, a ranking Liberal Democratic Party official, had said that "we've been burdened with heavy baggage." Masumi Ezaki, another party official, was reported as saying that "if the prime minister cannot live up to the pledges he made to the United States, he will be unable to take charge of his administration."

[Opposition leaders threatened a no-confidence vote in the Diet, or parliament, if Mr. Nakasone tried to push through unpopular economic measures.]

In a move that could hit Japan hard, the House of Representatives approved a trade bill during Mr. Nakasone's visit that would bar the U.S. government from buying goods from countries that restricted their government's purchases of U.S. goods.

But Mr. Reagan, indicating he would veto any such bill, said on radio that "I will not sign bills that close down markets and shut off extended job opportunities."



Prime Minister Yasuhiro Nakasone, leaving Washington after the trade talks.

French Official in Beijing

BEIJING — Foreign Minister Jean-Bernard Raimond of France arrived here Sunday for meetings with Chinese leaders. He is expected to try to revive flagging trade links between France and China.

ARMS: Allies Delay

(Continued from Page 1)

say they believe that the North Atlantic Treaty Organization should insist on the right to retain some missiles in the lower range.

West German indecision forced the North Atlantic Council, the highest decision-making body within NATO, to cancel a meeting that had been set for Monday in Brussels to discuss the missile offer.

France, unlike West Germany, has no U.S. weapons on its territory. But the Chirac government fears that wide-ranging U.S.-Soviet accords might lead to a "denude" Europe that would leave the Soviet Union with a dangerous superiority in conventional forces.

The proposal on medium-range missiles being considered in Geneva would eliminate all 270 Soviet triple-warhead SS-20 missiles targeted on Europe and all 316 U.S. single-warhead Pershing-2 and cruise missiles based there.

Vogel Backs Soviet Offer

Hans-Jochen Vogel, the West German opposition leader, called on the government Sunday to accept the Soviet offer to scrap short-range nuclear missiles, and he urged a ban on nuclear weapons superiority in conventional forces, Reuters reported from Bonn.

Mr. Vogel, the parliamentary floor leader and chairman-designate of the Social Democratic Party, said he did not understand those Christian Democrats who oppose the Soviet offer on the ground that the West would lose leverage in its efforts to reduce conventional Soviet forces.

"Naturally the East has a numerical superiority" in conventional forces, Mr. Vogel said. But he asserted that both the manpower and the quality of arms and equipment in the Warsaw Pact forces had been exaggerated.

BRIDE: 12-Year-Old Dies

(Continued from Page 1)

scarf when she meets strangers, was forced into marriage three years ago. She soon became pregnant. Because her pelvis was small, she had a long, painful labor, and her baby was stillborn. She is now sterile.

Pressure on her bladder during pregnancy and labor caused an injury called a vesical vaginal fistula, which made her incontinent.

"When my husband found out about me, he refused to come to me," she said. "He didn't say any words. After running my life, he just abandoned me."

Her parents, cassava and peanut farmers in the northern town of Gwarzo, forced Hadya to leave their house. She came to Kano, a sprawling market city, and survives by begging. She lives on a grass mat on the grounds of Murtala Mohammed Hospital, where she is waiting her turn for surgery that can correct the condition.

An estimated 20,000 teen-age girls in northern Nigeria have the same injury.

"They become outcasts at the age of 12 or 13 or 14," said Dr. Anamah, who has worked with health officials in Lagos and Kano to set up the surgical ward and a rehabilitation center for the victims. "It is such a waste of life."

The new 20-bed ward at Murtala Mohammed Hospital has not had an empty bed since it opened in January. There are nearly 1,000 girls now on the waiting list. Many of them, such as Hadya, Mohammed, have made a home on the sandy ground just outside the ward. The scrub trees around the hospital grounds are draped with their drying rags — the only treatment the girls have for their condition.

As soon as they have the injury, "their husbands divorce them and their families will tolerate their smell only for a little while," said Fatima Olabodun, a staff nurse in the ward.

"First and foremost," said Dr. Anamah, "the solution to this problem is to get the government to stop child marriage. These girls' bodies simply are not mature enough for childbirth."

"We want the minimum age for marriage to be 18 years old," she added.

In northern Nigeria, where Islamic law is applicable to Moslems, there is little support for government legislation that would overrule local interpretations of the Koran.

In northern Nigeria, many Moslems, troubled by the death of Hauwa Abubakar, say Islamic law prescribes a punishment that will deter other husbands from mistreating their young wives.

That punishment, which was advocated by the New Nigerian newspaper, was that Malam Shehu Kirwa have his legs amputated with an ax.

EINSTEIN: Early Love Letters

(Continued from Page 1)

and don't fret. After all, I am not leaving you and I'll bring everything to a happy conclusion."

As in several subsequent letters he referred to the child as though the baby was already born, saying, "How is the young chap?"

Marie was hoping for a girl and they called the unborn child "Lieserl," a diminutive of Liese. "I am dizzy with joy," Einstein wrote her, after receiving word of a job in Bern. "The only thing that must be solved is how to have our Lieserl with us. I do not want for us to have to part with her."

Despite his mother's opposition, Einstein and Marie were married in January 1903 in Bern. According to a letter, to appear in the next volume of his papers, the Einsteins later learned that their daughter had recovered from scarlet fever.

But apparently she was still in her mother's native region. The men of scarlet fever is the last reference to the girl in the correspondence.

Thai Minister to Visit Soviet

MOSCOW — The Thai foreign affairs minister, Siddhi Savetsila, will visit Moscow sometime between May 10 and 20 at the invitation of the Soviet government. Tass announced Sunday.

Dalida, 54, Singer In France, Is Dead

PARIS — Dalida, the Egyptian-born French entertainer whose songs achieved worldwide fame in the 1950s and 1960s, was found dead Sunday night at her Paris home, hospital officials said.

Doctors were called to the 54-year-old singer's apartment in the Montmartre quarter early Sunday evening, they said. The cause of death was not disclosed.

Dalida was born in Cairo in 1933 as Yolande Gigliotti, the daughter of a violinist at the Cairo Opera. She recorded about 800 songs in French and other languages, and sold more than 85 million records.

THE SMASH HIT BROADWAY MUSICAL

THE MICHAEL BENNETT PRODUCTION OF

DREAMGIRLS

WINNER OF SIX 1982 TONY AWARDS, HERE'S WHAT THE CRITICS HAD TO SAY ABOUT DREAMGIRLS

"A stunning and stirring show. A sensational musical!" — NEWSWEEK

"A daring... exhilarating musical. The most innovative show in town!" — NEW YORK TIMES

"A musical of potent magic!" — TIME MAGAZINE

"The musical of the 80's" — WALL STREET JOURNAL

"A work of genius. A dream of a musical. The hottest I've ever seen!" — LONDON TIMES

IS COMING TO PARIS MAY 5TH — JUNE 7TH AT THE PALAIS DES CONGRES

WORDS AND LYRICS BY TOM EYEN/MUSIC BY HENRY KRIEGER

SPECTACLES LUMBROSO & SPECTACLES ALAP, SHERWIN M. GOLDMAN PRODUCTIONS, INC. & WESTPORT PRODUCTIONS, INC. BY SPECIAL ARRANGEMENT WITH MARVIN A. BRAUSS & IRVING SIDERS HAVE DONATED 300 SEATS FOR

THE EVENING PERFORMANCE OF THURS. MAY 7TH

For the benefit of

THE PARIS LIBERTY FLAME APPEAL

So you can enjoy a wonderful evening's entertainment and at the same time help bring the Flame of Liberty to Paris as a lasting monument to Franco-American friendship.

Seats available at Frs. 250 and Frs. 160 each.

For full information call (during office hours) Elisabeth Hopkins in Paris at: 46 37 93 89.

Blunders Plus Crimes

Suddenly, after five months of maneuver and study, someone has admitted criminal guilt for arming the Nicaraguan rebels...

A Little More Time

On the foreign exchange markets, the dollar keeps sliding. In Tokyo, stock prices are rising much faster than in New York...

Lease Them to Pakistan

Count the Pakistanis among the many victims of the war in Afghanistan. Pakistan's help for the Afghan rebels has brought it heroin trafficking, guns galore, millions of refugees...

Still Held in Vietnam

Three years ago the Communist government of Vietnam promised to release to the United States all the Vietnamese still incarcerated in "re-education camps" as a result of service in the South Vietnamese regime...

and that still prohibit arming Iran, carry no criminal penalties. Now, as Congress prepares hearings to explore the big picture, comes the prosecutor to show that these are not only political offenses but also crimes.

not give Islamabad a permanent capability. The Indians do not want sophisticated American equipment to go to Pakistan, for fear it might be used against them.

ports were heard of Hanoi's provocative demand that the United States put a political leash on the prospective new arrivals to keep them from somehow acting against Vietnam.

More Lethal Than Hundreds of Chernobyls

WASHINGTON — Richard Nixon and Henry Kissinger celebrated the first anniversary of the Chernobyl disaster by unveiling a new nuclear nightmare in a column in the Los Angeles Times.

shorter-range nuclear weapons were removed from Europe, "the entire Soviet nuclear arsenal of 19,000 weapons can, if the Soviet Union chooses, be aimed at Western Europe from the Soviet Union a few hundred miles away."

Irangate: These Hearings Should Be Nonpartisan

WASHINGTON — The sighs and sounds will be familiar: the Senate Caucus Room overflowing with people and overheating with television floodlights, and questions about what the president knew and when...

clear American forces. And within eight weeks of the seizure of American hostages in Iran in 1979, the Soviet Union invaded Afghanistan.

Indonesia: Into a Period of Political Uncertainty

SINGAPORE — The result of last month's parliamentary elections in Indonesia was hardly surprising. The vote recorded for the government's party, Golkar, exceeded 72 percent.

present administration of President Suharto, have firmly resisted pressure to make Indonesia an Islamic state.

into armed confrontation with its neighbors, Malaysia and Singapore, in the early 1960s, and set it on a downhill slide into economic chaos.

ment is fully aware of the significance of the social change it has unleashed. Indonesia is moving into a period of political uncertainty as President Suharto prepares to start another five-year term of office next March at the age of 66.

LETTER TO THE EDITOR

An Insult to Indonesia
Pranay Gupta's opinion column "Toward the 'Indonesian Solution' for South Asia" (April 23) presented an erroneous and vicious misrepresentation of what happened after the Communist coup attempt in Indonesia in the mid-1960s.

strict capitals, and the indecisive attitude of the central government headed by the late President Sukarno, prompted many people, particularly those who had been victimized by the Communists for years, to take the law into their own hands.

It is true that the PDI has raised its national vote to only 12 percent, from 8 percent in the 1982 elections. Its emergence in the political heartland of Jakarta as an alternative vehicle of protest does not constitute an electoral watershed.

1912: Titanic Inquiry

NEW YORK — Senator William Alden Smith is still engaged in private inquiries connected with the Titanic disaster. He announced (on May 3) that passenger Daniel Buckley has given evidence that a fireman told him that the Titanic did not strike an iceberg, but went down because her boilers exploded while the vessel was being pushed to make a record.

1937: Divorce Finalized

LONDON — In a court formalized on May 3 lasting only fifteen seconds, the conditional divorce granted to Mrs. Wallis Warfield Simpson on October 27 was declared absolute and irrevocable, thus making her free to marry former King Edward, who gave up his throne for his love of her.

Buthelezi Gives Both An Option

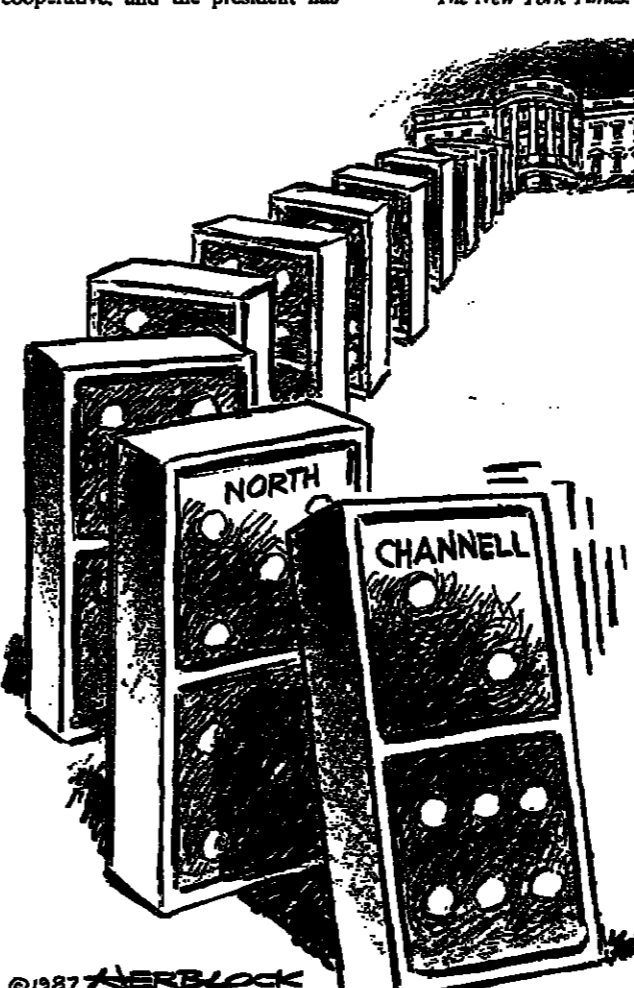
PARIS — While South Africa's whites noisily wind down their national election campaign, Chief Mangosuthu Buthelezi has been quietly gliding through salons and government offices in Europe in search of support in the other struggle for power under way in the Beloved Country.

Since the entrenchment of apartheid in 1948, elections have not been times of significant change. They are times when the country's deep divisions are put on display, intensely debated and then reflexively confirmed in a vote for the National Party.

Chief Buthelezi does not claim to have the answer to all of South Africa's problems. In a candid conversation, he acknowledged that black-on-black violence could continue even under a black government.

It is possible that time has already run out on the Buthelezi option. Many young blacks argue that only agreements reached by the government with the African National Congress would stave off a civil war.

run out on the Buthelezi option. Many young blacks argue that only agreements reached by the government with the African National Congress would stave off a civil war.



INTERNATIONAL HERALD TRIBUNE
JOHN HAY WHITNEY, Chairman 1985/1987
KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER, Co-Chairmen
LEE W. HUEBNER, Publisher
WALTER WELLS, Editor
SAMUEL ABE, KATHERINE KNORR, CHARLES MITCHELL, Associate Editors
CARL GEWIRTZ, Associate Editor
ROBERT J. DONAHUE, Editor of the Editorial Pages
RENE BONDY, Deputy Publisher
ALAIN LECOUR and RICHARD H. MORGAN, Associate Publishers
FRANÇOIS DESMAISON, Circulation Director
ROLF D. KRANPEHL, Advertising Sales Director
International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France.
Tel.: (1) 46 27 93 00. Telex: Advertisim, 613595; Circulation, 612832; Editorial, 612718; Production, 630698.

Handwritten signature or note at the bottom right of the page.

MONDAY, MAY 4, 1987

Page 7

EUROBONDS

Japanese Will Be Cautious In U.S. Auction Approach

By JONATHAN ENGEL

International Herald Tribune

PARIS — The old adage "once bitten, twice shy" may not have sprung from market parlance like the topical "sell in May and go away," but it nonetheless crystallizes the crucial attitude of Japanese investors toward the U.S. Treasury's auction of this week of \$29 billion in securities.

In fact, they've been bitten more than once. Lured by relatively high interest rates and what proved to be temporary attempts to stabilize the dollar, large Japanese insurance companies and the trust banks that manage huge pension funds bought at least one-third of the 10- and 30-year bonds offered in quarterly auctions last year and again in February.

Then they watched as the dollar's 42 percent plunge against the yen from September 1985 decimated their earnings in comparison to similar yen investments.

Since February's auction alone, the dollar has dropped 9 percent against the yen, to 140 yen from 153.50. Bond prices themselves, undercut by the falling dollar, have slumped as much as 1 1/2 points, or \$115 for every \$1,000 face amount.

Now, not even the hefty 5 percent yield advantage on U.S. government securities over similar Japanese issues and the opportunity to buy a block of bonds at a fixed price are likely to tempt these investors into bidding aggressively at the auctions, which start Tuesday with sales of three-year notes.

"We don't want the same thing to happen" — a weak dollar eroding portfolios — said Masami Asakura, the chief representative in New York of Taiyo Mutual Life Insurance Co., the eighth largest in Japan.

Meanwhile, the uncertainty over the dollar and the likely increase in yields after the auctions clouded prospects in the Eurobond market, where several holidays last week also limited activity. In three currency sectors where bankers reported solid demand — yen, sterling and Australian dollars — the heavy supply of new issues sent prices slumping to unprofitable levels for most underwriters.

JAPANESE insurance company executives like Mr. Asakura, who have been diversifying away from Treasuries, acknowledge that on a long-term basis, the combination of the yield advantage and the liquidity in the U.S. Treasury market is unmatched elsewhere. They also believe the dollar is finally nearing its lows against the yen.

But, they argue, bonds that appear attractive before the auctions will likely be more alluring afterward. Bond prices could drop further to push the 30-year yield to 8.75 percent from around 8.60 percent on Friday, while the dollar could slip to 135 yen or even 130.

"The 500-basis-point differential is still very attractive to us" when comparing U.S. to Japanese bonds, Mr. Asakura said. "But we just closed our fiscal year in mid-March and all Japanese insurance companies had to write off huge currency losses."

One Japanese newspaper, he noted, estimated these total currency losses last year at around \$15 billion. "That is why we are a little bit reluctant to start our investment in the dollar again."

Investors and analysts alike remain cautious on the U.S. currency, despite the tough pronouncements last week from Paul A. Volcker, the chairman of the Federal Reserve Board, that the dollar had "absolutely and fundamentally" declined enough. Mr. Volcker said that the Fed had nudged some interest rates higher to support the dollar and to counter market fears of renewed inflation as the weak currency pushes up import costs. But some analysts doubt that the Fed will quickly raise its key 5.5 percent discount rate, for fear of inducing a recession.

Also in the Washington spotlight last week, Prime Minister Yasuhiro Nakasone of Japan pledged that the Japanese central bank would push short-term interest rates lower. In theory such a move could boost the attractiveness of the dollar against the yen and help Japan expand its economy to import more U.S. goods, thereby cutting the huge U.S. trade deficit that has devalued the dollar.

But what analysts immediately suspected was later confirmed by the Bank of Japan. It was not going to cut its benchmark 2.5 percent discount rate, but merely push less influential money market rates lower. Michael Rosenberg, an economist at Merrill Lynch Capital Markets, noted that these rates have been artificially elevated by speculative borrowing in Tokyo's surging domestic securities market.

The dollar, after a brief rise to nearly 141 yen Thursday on these announcements, slipped back to around 140 yen on Friday in New York. The benchmark 30-year U.S. Treasury bond had also gained Thursday, but on Friday lost 1 1/2 32 points to close at 88 12/32 and yield 8.59 percent.

That came as no surprise to Keiji Tsuda of Nissei Bot Asset. See EURO BONDS, Page 9

Bonds that appear attractive before the auctions will likely be more alluring afterward.

Korea, Taiwan Are in Hurry to Mature

Master Exporters Pressed to Spur Domestic Growth

By Patrick L. Smith

International Herald Tribune

SEOUL — South Korea and Taiwan, East Asia's fastest-growing economies, are decisively changing their development strategies, in an effort to remove the threat of damaging trade friction and fundamentally alter the sources of their future growth.

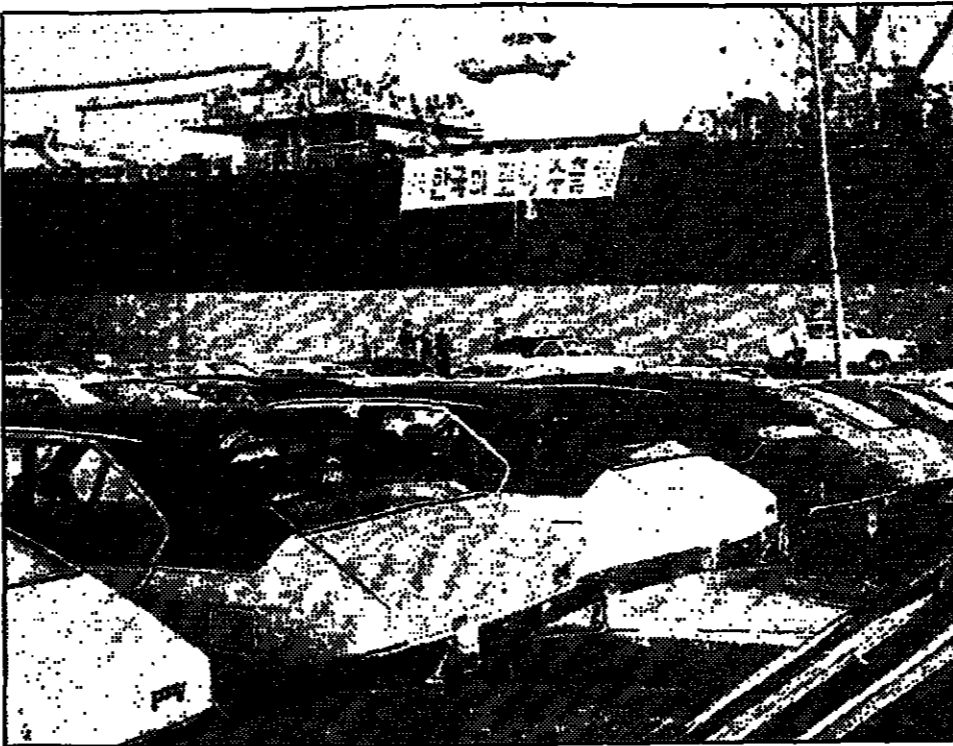
The two countries, which are emerging as the most powerful economic forces in the region after Japan, are for the first time devising programs to reduce their long-established dependence on exports and to stimulate domestic consumption.

In effect, the two are discarding the export-led development strategy that has been almost an article of faith in the Third World for the past quarter of a century.

Depending on how aggressively these historic policy changes are implemented, foreign analysts say, the two nations could successfully meet fair-trade demands by the United States and other major importers, thereby avoiding the chronic antagonism that Japan suffers.

The United States is their biggest market, and the two nations together accounted for \$21 billion of the record \$166 billion trade deficit reported by the United States last year.

"We have to be impressed by what we've seen," said a Western diplomat in Seoul. "Whether they can break the mold among major exporters will be determined by how well these new ideas are put into practice."



Hyundai Motor's Pories, a symbol of South Korea's traditional push for exports.

Malcolm Baldrige, the U.S. commerce secretary, echoed this view after three days of trade talks in Seoul last week. This attitude is in sharp contrast to the skepticism with which U.S. officials have greeted similar economic initiatives announced by Tokyo.

Japan has been less convincing in its efforts to solve the same problems of economic maturity. But because South Korea and Taiwan are attempting structural economic reforms much earlier in their development cycles, their capacity to absorb a greater proportion of their own output may

limit the near-term impact of measures now being adopted. For example, more than two decades of extreme export dependence have left wage levels artificially low and domestic markets underdeveloped.

"We can't rely on exports to keep ourselves going," said Su Han-ming, senior vice president and chief economist at the International Commercial Bank of China, in Taipei. "At the same time, it's impossible for us to digest all this production."

Last year, Taiwan exported half of its national output and South Korea almost 40 percent.

By comparison, Japan exported only about 20 percent. Equally, both Taipei and Seoul are unlikely to risk substantial economic damage by exposing highly protected local industries to the rigors of competition at too rapid a pace.

Among other demands, the U.S. has urged both countries to raise the value of their currencies in relation to the dollar. Yet because of shifts in global exchange rates and other factors, exports from both countries have not slowed so far this year. For exam-

See EXPORTERS, Page 9

U.S. Economy Grew in April, Purchasers Say

NEW YORK — Purchasing managers, citing an increase in production and new orders and a trend toward higher employment, said the U.S. economy expanded in April after "healthy growth" in the first quarter.

The National Association of Purchasing Management, in its monthly Report on Business, said Friday that its composite index increased slightly in April to 54.2 percent, from 53.9 percent in March.

A reading below 50 percent generally indicates that the economy is declining. A reading above 50 percent indicates expansion.

"Past experience indicates that if this average were to continue for the remainder of 1987, it would be consistent with real GNP growth of about 3 percent," said Robert J. Bretz, chairman of the association's survey committee. GNP, or gross national product, measures a country's total output of goods and services.

"The economy entered the second quarter with a modest improvement over the healthy growth registered in the first quarter," Mr. Bretz said.

"The mild slowing in the rate of increase in new orders suggests continuing growth in the second quarter."

The monthly survey found that new orders continued to expand in April but at a slower pace than in March. Forty percent of the purchasers responding said new orders were better than the previous

month, down slightly from 41 percent in March.

The 35 percent of the purchasers reporting better production in April is the highest since March 1986, when the total was also 35 percent.

For the second consecutive month, purchasers said their inventories were reduced in April. Twenty-one percent reported lower inventories as opposed to 17 percent reporting an increase.

April marked the eighth consecutive month that more purchasers indicated paying higher rather than lower prices, the survey said. The 39 percent reporting higher prices in April was the most since April 1984, when 53 percent reported higher prices.

The 22 percent of the purchasers reporting higher employment in April is the best response since May 1984.

The report is based on data compiled from responses from purchasing managers in 250 industrial companies in all 50 states.

Party Woes May Restrict New Minister In Brazil

By Bradley Graham

Washington Post Service

RIO DE JANEIRO — It looked like a comic opera, but few people here were laughing as Brazil's political leaders quarreled in public over the selection of a new finance minister.

The choice of Luiz Carlos Bresser Pereira, a professor, businessman and public administrator, pleased domestic industrialists, economists and politicians as well as foreign bankers, all of whom see him as someone capable of bringing direction to Brazil's drifting economic program.

But the political wrangling that led to the decision further damaged Brazil's government.

President José Sarney was publicly humiliated by his inability to place his first choice in the post. The leaders of the left-center Brazilian Democratic Movement Party, the dominant government party, blocked the president's hand and have been accused in newspaper editorials of eroding presidential authority and grabbing for power.

The episode reinforced the image of an administration beset by infighting, indecision and ineptitude while it tries to maintain Brazil's ability to service its foreign debt and avoid gross inflation and deep recession.

The government's bungling of the ministerial appointment has triggered new calls for presidential elections in 1988.

Mr. Sarney, who assumed office in 1985, would prefer to put off a vote until late 1990. But with Brazil facing an economic crisis, a growing number of politicians on both the left and the right are saying the country needs a stronger leader and one chosen directly by the people.

Economic recovery would fortify Mr. Sarney's position after the collapse of last year's Cruzado Plan, a drastic anti-inflationary package. After taking office on Wednesday, Mr. Bresser Pereira outlined a program of reduced growth and tighter public spending to restore economic order.

But the question on the minds of many people here is whether the new minister will have room to maneuver, given firm opposition among Democratic Movement populists to slowing the economy by much or making concessions to international banks. In line with Democratic Movement policy, Mr. Bresser Pereira has pledged to maintain real wages and to aim for economic growth of a modest 3 percent this year.

"He's a good man in a difficult environment," said one U.S. banker here.

On Friday, the new minister announced. See BRAZIL, Page 13

Financial Sector Is a Growing Target in U.S.-Japan Disputes

By John Mechan

International Herald Tribune

NEW YORK — Politics is not the kind of subject Toshio Mori wants to easily discuss. The chairman of Nikko Securities International Inc. sees his professional mission in life much like the chief executive of any brokerage: Understand the markets, find new clients, make some money. Politics is not officially part of his brief.

Yet, as head of the U.S. subsidiary of one of Japan's "Big Four" securities houses, Mr. Mori's strategy has become inextricably caught up in the trade quarrel between Washington and Tokyo. And the "recent political environment" that he talks about has meant that Japanese financial institutions increasingly find themselves the target of the same protectionist fervor that once aimed solely at semiconductors and Toyota cars.

"Everyone wants us to open up our markets. But Japan is a country of consensus. It takes time," said Mr. Mori, 53. "We are making progress. But in American eyes, it's still too slow."

As Prime Minister Yasuhiro Nakasone arrived in Washington last week to negotiate a truce, if not a solution, to the trade dispute, high on the Reagan administration's agenda was Japan's willingness to permit greater access to its financial markets. Despite the emergence of Tokyo to rival New York and London as a financial center, Japan's liberalization efforts have proceeded at a snail's pace, with foreign concerns limited to mostly secondary roles.

Correcting the inequities has been a long-time goal of banks and securities firms in Europe and the United States. But in recent weeks the issue has received considerable

attention from a hostile Congress that is bent on wringing concessions from Tokyo.

Included in the trade bill adopted by the House last week is a rider that would severely restrict Japanese firms' participation in the U.S. government securities market. Additional limits are being considered for the Senate's trade bill, according to Congressional sources.

"Up until now, people have tended to minimize the long-term problems we face in the financial sector," said Representative Bruce A. Morrison, a Democrat of Connecticut and a member of the House Banking Committee. "We've been placing so much emphasis on agriculture and manufacturing because these have a quicker payoff on the trade figures."

A Wall Street executive put it more bluntly: "For years it was a lot easier for Congressmen and voters to understand cars rather

than futures and options. Now they're finally waking up to the importance of trade in financial services."

While the decision to open up this new front is bound to add to the complexities of the trade dispute between Washington and Tokyo, it underscores the concern about the growing influence of the Japanese in U.S. capital markets.

No other country has moved as aggressively as Japan in building up its presence on the U.S. financial scene, moves that are an economic consequence of Japan's widening trade surplus and the huge cash reserves it generates.

Despite a drop in purchases as the dollar has declined, the Japanese remain the largest foreign participants in the U.S. Treasury bond market. At the end of February, Japanese investors held almost \$89 billion of U.S. See FINANCE, Page 13

At OECD Talks, the Pressure Will Be on Bonn

By Axel Krause

International Herald Tribune

PARIS — West Germany will find itself in the hot seat when the annual OECD meeting of finance and trade ministers opens in Paris on May 12, because of a continuing refusal to stimulate its economy.

According to officials involved in preparations for the two-day gathering, some member governments of the Organization for Economic Cooperation and Development will be pressing for an immediate boost to West Germany's economy.

The renewed pressures will come mainly from the United States, Canada, France and smaller West European members of the 24-nation agency. Although senior West German officials in Washington earlier this week again brushed off the pressures, OECD delegates said they were not ruling out a reversal between now and early June.

The broader purpose of the initiative, officials said, is to promulgate economic growth in Western Europe and in the OECD area generally, which encompasses North America, Europe and Asia. The initiative comes against a somber background of sluggish growth, high interest rates, mounting Third World debt and rising unemployment.

More specifically, officials said, the allies will be seeking a firm commitment from Bonn to lower interest rates, bring forward a tax cut scheduled for next Jan. 1, and scale back on subsidies, notably in agriculture.

That, he is said to believe, could help France's export more to West Germany, its largest trading partner, reducing its widening trade deficit with Germany.

In private conversations with Gerhard Stoltenberg, West Germany's finance minister, who is expected to lead his country's OECD delegation, Mr. Balladur has previously suggested that West Germany lower its interest rates.

"The Germans will not get away this time," a senior Canadian official said, "and they will definitely feel the heat not only at the OECD meeting, but at the Venice summit."

The Venice summit meeting of seven major industrialized countries is scheduled for June 8-10.

"Germany is the problem, and also the key to growth," the official said.

He said that Canada and other participants in the OECD and



Beryl W. Sprinkel

summit gatherings would also be pressing for Bonn's support for a pledge to eliminate farm surpluses and stockpiles by reducing subsidies, a move that France and Britain are expected to endorse fully.

"If they could cut the farm subsidies, they could cut interest rates," said a senior U.S. diplomat. "But German farmers are too powerful to permit that to happen, so we anticipate resistance from Bonn on many fronts regarding stimulative action."

Arguing against stimulative action, Martin Bangemann, West Germany's minister of economics, said Tuesday in Washington: "If you are asking us to pursue an inflationary policy, that we won't do."

That argument, however, is cut-

ting less ice with OECD governments as the meetings approach.

"We understand the traditional German argument about touching off a new round of inflation, but look at their economy, they have stable prices," Mr. Sprinkel said. "There is room to stimulate demand."

Hanging over policy makers attending the meetings is a gloomy scenario for the world economy prepared by the OECD secretariat. Reflecting similar downward revisions made recently by private economists that assume no changes in policy, the secretariat has shaved a quarter of a point off the previous estimate of 3 percent growth in 1987 for the U.S. gross national product, the total output of goods and services.

The secretariat's internal document also has cut half a point off its estimate for Western Europe's growth rate, previously projected at 2.5 percent.

"The picture will remain gloomy, unless some key governments act, notably Germany, so we expect a lively ministerial meeting," an OECD delegate said.

Last December, the OECD projected 3 percent growth in West Germany's GNP in 1987.

But the secretariat has lowered that projection as well, although it remains slightly higher than West Germany's key economic institutions. Two of the five institutes recently reported that GNP would grow by merely 1 percent this year, while the three others predicted 2 percent growth.

Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indexes, Money Rates, and Currency Rates. Includes sub-tables for United States, Britain, West Germany, Japan, and World.

Currency Rates

Table with columns for Cross Rates and Other Dollar Values. Lists exchange rates for various currencies like Amsterdam, Brussels, Frankfurt, London, Milan, New York, Paris, Tokyo, etc.

ELOF HANSSON - THE GLOBETRADE. The international trading house active in pulp, paper, machinery, chemicals, timber, building material, textiles, foodstuffs, steel, consumer goods. Includes logo and contact information.

ACTIBONDS INVESTMENT FUND S.A. Avis de convocation. Includes details about the company and its shareholders.

Weekly International Bond Prices

Provided by Credit Suisse First Boston Securities, London, Tel.: 01-623-1277. Prices may vary according to market conditions and other factors.

Dollar Straights

Table of Dollar Straights bond prices, including columns for Issuer, Con Mat Price, Yld, and various bond types like Eurobonds and Eurodollars.

Western Europe (Other)

Table of Western Europe (Other) bond prices, listing issuers from various European countries and their respective bond details.

United Kingdom

Table of United Kingdom bond prices, listing UK government and corporate bonds.

United States

Table of United States bond prices, listing US government and corporate bonds.

Canada

Table of Canada bond prices, listing Canadian government and corporate bonds.

Denmark

Table of Denmark bond prices, listing Danish government and corporate bonds.

France

Table of France bond prices, listing French government and corporate bonds.

Germany

Table of Germany bond prices, listing German government and corporate bonds.

Italy

Table of Italy bond prices, listing Italian government and corporate bonds.

Japan

Table of Japan bond prices, listing Japanese government and corporate bonds.

Spain

Table of Spain bond prices, listing Spanish government and corporate bonds.

Sweden

Table of Sweden bond prices, listing Swedish government and corporate bonds.

Switzerland

Table of Switzerland bond prices, listing Swiss government and corporate bonds.

Netherlands

Table of Netherlands bond prices, listing Dutch government and corporate bonds.

Australia

Table of Australia bond prices, listing Australian government and corporate bonds.

South Africa

Table of South Africa bond prices, listing South African government and corporate bonds.

Belgium

Table of Belgium bond prices, listing Belgian government and corporate bonds.

Portugal

Table of Portugal bond prices, listing Portuguese government and corporate bonds.

Greece

Table of Greece bond prices, listing Greek government and corporate bonds.

India

Table of India bond prices, listing Indian government and corporate bonds.

China

Table of China bond prices, listing Chinese government and corporate bonds.

India

Table of India bond prices, listing Indian government and corporate bonds.

Japan

Table of Japan bond prices, listing Japanese government and corporate bonds.

South Korea

Table of South Korea bond prices, listing South Korean government and corporate bonds.

Indonesia

Table of Indonesia bond prices, listing Indonesian government and corporate bonds.

Malaysia

Table of Malaysia bond prices, listing Malaysian government and corporate bonds.

Philippines

Table of Philippines bond prices, listing Philippine government and corporate bonds.

Thailand

Table of Thailand bond prices, listing Thai government and corporate bonds.

Singapore

Table of Singapore bond prices, listing Singapore government and corporate bonds.

Hong Kong

Table of Hong Kong bond prices, listing Hong Kong government and corporate bonds.

Guatemala

Table of Guatemala bond prices, listing Guatemalan government and corporate bonds.

Costa Rica

Table of Costa Rica bond prices, listing Costa Rican government and corporate bonds.

Panama

Table of Panama bond prices, listing Panamanian government and corporate bonds.

Venezuela

Table of Venezuela bond prices, listing Venezuelan government and corporate bonds.

Argentina

Table of Argentina bond prices, listing Argentine government and corporate bonds.

Chile

Table of Chile bond prices, listing Chilean government and corporate bonds.

Colombia

Table of Colombia bond prices, listing Colombian government and corporate bonds.

Peru

Table of Peru bond prices, listing Peruvian government and corporate bonds.

Ecuador

Table of Ecuador bond prices, listing Ecuadorian government and corporate bonds.

Brazil

Table of Brazil bond prices, listing Brazilian government and corporate bonds.

Uruguay

Table of Uruguay bond prices, listing Uruguayan government and corporate bonds.

Paraguay

Table of Paraguay bond prices, listing Paraguayan government and corporate bonds.

Bolivia

Table of Bolivia bond prices, listing Bolivian government and corporate bonds.

Guatemala

Table of Guatemala bond prices, listing Guatemalan government and corporate bonds.

Costa Rica

Table of Costa Rica bond prices, listing Costa Rican government and corporate bonds.

Panama

Table of Panama bond prices, listing Panamanian government and corporate bonds.

Venezuela

Table of Venezuela bond prices, listing Venezuelan government and corporate bonds.

Argentina

Table of Argentina bond prices, listing Argentine government and corporate bonds.

Chile

Table of Chile bond prices, listing Chilean government and corporate bonds.

Colombia

Table of Colombia bond prices, listing Colombian government and corporate bonds.

Peru

Table of Peru bond prices, listing Peruvian government and corporate bonds.

Ecuador

Table of Ecuador bond prices, listing Ecuadorian government and corporate bonds.

Brazil

Table of Brazil bond prices, listing Brazilian government and corporate bonds.

Uruguay

Table of Uruguay bond prices, listing Uruguayan government and corporate bonds.

Paraguay

Table of Paraguay bond prices, listing Paraguayan government and corporate bonds.

Bolivia

Table of Bolivia bond prices, listing Bolivian government and corporate bonds.

Guatemala

Table of Guatemala bond prices, listing Guatemalan government and corporate bonds.

Costa Rica

Table of Costa Rica bond prices, listing Costa Rican government and corporate bonds.

Panama

Table of Panama bond prices, listing Panamanian government and corporate bonds.

Venezuela

Table of Venezuela bond prices, listing Venezuelan government and corporate bonds.

Table of Yen Straights bond prices, listing various international bonds denominated in Yen.

Table of DM Straights bond prices, listing various international bonds denominated in Deutsche Marks.

Table of DM Zero Coupons bond prices, listing zero-coupon bonds denominated in Deutsche Marks.

Table of ECU Straights bond prices, listing various international bonds denominated in European Currency Units.

Table of Supranational bond prices, listing various international bonds issued by supranational organizations.

Table of Eurobonds Yields, listing yields for various Eurobond issues.

Table of Weekly Sales, listing weekly sales figures for various financial instruments.

Table of Labor Rates, listing labor rates for various countries and regions.

Table of Chicago Exchange Options, listing options trading data for the Chicago Exchange.

WestLB advertisement: Fixed Income and Equities Trading - for dealing prices call: Dusseldorf, London, Luxembourg, Hong Kong.

Wall Street Review advertisement: NYSE Most Actives, AMEX Most Actives, NYSE Sales, AMEX Sales, NYSE Diaries, AMEX Diaries.

Euromarts At a Glance advertisement: Eurobond Yields, Weekly Sales, Labor Rates.

NASDAQ National Market

OTC Consolidated trading for week ended Friday

Table of NASDAQ National Market data, including columns for stock symbols, prices, and volume. The table is organized into sections labeled with letters (A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

What do these international companies know about Dubai that you don't?

They know that Dubai's Jebel Ali Free Zone has introduced exciting trade freedoms and benefits, enabling companies to set up trading and industrial bases easier in the Middle East.
Just look at these benefits—unique to Jebel Ali.
100% foreign ownership.
Unlimited transfer of profit and capital.
No corporate taxes for a minimum of 15 years.

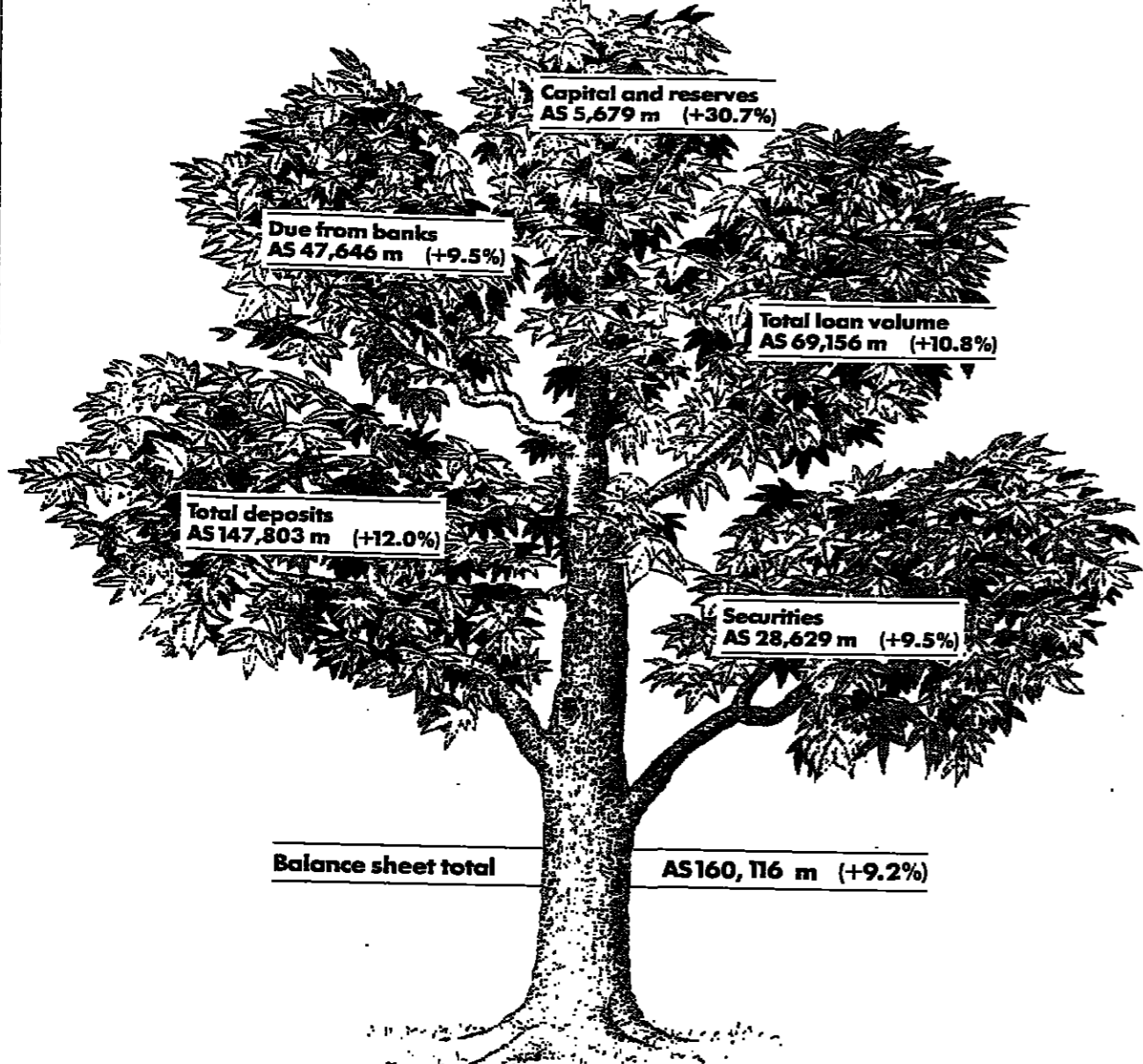
No personal income taxes.
No import duties/export taxes.
Unlimited cheap energy.
They also know that with superb facilities including an extensive infrastructure, state-of-the-art communications, accommodation, hotels, hospitals, security and every modern amenity, Jebel Ali is a unique opportunity for Middle and Far Eastern markets.

Advertisement for the Jebel Ali Free Zone Authority, featuring the logo and contact information for Mr. Edward A. Butler, Dept. 24. The text includes 'سلطة المنطقة الحرة لجبل علي' and 'Jebel Ali Free Zone Authority'.

Large advertisement for L'ORÉAL, featuring the brand name in large letters and a detailed financial summary. The summary includes consolidated sales of FF 18,130 billion (10.35% growth) and consolidated profit before tax of FF 1,591 billion (15.7% growth). It also mentions a free share or certificate of investment for every five shares held for five years.

GZB-VIENNA Balance Sheet '86

Your banking partner in Austria



GZB-VIENNA
Genossenschaftliche Zentralbank AG
A-1010 Vienna, Herrngasse 1-3, ☎ 6662-0
Telex: 136 989, Swift-code: ZENT AT WW

Member of
UNICO BANKING GROUP

ATTENTION U.S. INVESTORS!

Stateside Investing in Europe!

For U.S. investors in Europe, investing can be especially difficult and time-consuming. But now you no longer have to deal with trans-Atlantic operators or international mail. Fidelity Investments Brokerage Services, Ltd. is one of the first U.S. discount brokers to come to London!

Trade stocks, bonds or options!

At Fidelity's London office, we'll give you swift, efficient access to U.S. markets in addition to the securities markets of Western Europe. Fidelity's representatives can execute your trades and put the latest market news available right at your fingertips, through our electronic computer network.

Fidelity customer services, too!

If you're already a customer in any of Fidelity's mutual funds, you can come in to make a deposit or switch among your investments. And don't forget to set up your Fidelity Individual Retirement Account quickly and easily in the fund you choose.

Information when you need it!

You don't have to come in person to benefit from the investment resources available at the Fidelity London office. You can call or write to receive information about how tax reform may affect you by requesting your free copy of the best-selling *Price-Waterhouse Tax Guide*. This is just one of the educational services available in addition to Fidelity's range of investment products.

Call, write, or visit today!

Let Fidelity bring the U.S. market closer to you. Visit the London office at 23 Lovat Lane from Monday to Friday, 9:00 AM to 5:00 PM. Or call 9:00 AM to 9:00 PM at 01-283-4595 from London, Continental Europe and the Middle East. Elsewhere in the U.K. Callfree 0800 010510.

Mail coupon to Fidelity Investments Brokerage Services, Ltd., 23 Lovat Lane, London EC3R 8EB.

Please send me:

- A free fact kit about Fidelity Brokerage Services, Ltd. (FBS)
- A free IRA fact kit about Fidelity Brokerage Services, Ltd. (FBS)

Name _____

Address _____

City/Country _____

Post Code _____

Phone Number _____

Call Fidelity
01-283-4595
Outside London, Callfree 0800 010510



American Exchange Options

Figures as of close of trading Friday, April 30

Option & price	Colls	Puts	Option & price	Colls	Puts	Option & price	Colls	Puts
Amex 100	100	100	Amex 100	100	100	Amex 100	100	100
Amex 200	200	200	Amex 200	200	200	Amex 200	200	200
Amex 300	300	300	Amex 300	300	300	Amex 300	300	300
Amex 400	400	400	Amex 400	400	400	Amex 400	400	400
Amex 500	500	500	Amex 500	500	500	Amex 500	500	500
Amex 600	600	600	Amex 600	600	600	Amex 600	600	600
Amex 700	700	700	Amex 700	700	700	Amex 700	700	700
Amex 800	800	800	Amex 800	800	800	Amex 800	800	800
Amex 900	900	900	Amex 900	900	900	Amex 900	900	900
Amex 1000	1000	1000	Amex 1000	1000	1000	Amex 1000	1000	1000

Mutual Funds

Figures as of close of trading Friday, April 30

NEW YORK (AIP)	Bid	Ask	Bid	Ask	Bid	Ask	Bid	Ask
Amex 100	100	100	Amex 100	100	Amex 100	100	Amex 100	100
Amex 200	200	200	Amex 200	200	Amex 200	200	Amex 200	200
Amex 300	300	300	Amex 300	300	Amex 300	300	Amex 300	300
Amex 400	400	400	Amex 400	400	Amex 400	400	Amex 400	400
Amex 500	500	500	Amex 500	500	Amex 500	500	Amex 500	500
Amex 600	600	600	Amex 600	600	Amex 600	600	Amex 600	600
Amex 700	700	700	Amex 700	700	Amex 700	700	Amex 700	700
Amex 800	800	800	Amex 800	800	Amex 800	800	Amex 800	800
Amex 900	900	900	Amex 900	900	Amex 900	900	Amex 900	900
Amex 1000	1000	1000	Amex 1000	1000	Amex 1000	1000	Amex 1000	1000

Herald Tribune

Reaching More Than a Third of a Million Readers in 164 Countries Around the World.

BRAZIL
FINANCE
TOXICOLOGIST
Registration
Finance and
Administration
MULTI-LINGUAL
HOSTESS
DIRECTOR

BRAZIL: Party Problems May Restrict Finance Minister

(Continued from first finance page)

announced an 8.49 percent devaluation of the cruzeiro to spur exports and to try to boost Brazil's flagging trade surplus over \$8 for 1987.

Forecasts are for a 17 percent inflation rate this month alone, and Mr. Bresser Pereira has said that high inflation will have to be tolerated for a while to allow prices to find equilibrium after last year's freeze. But he supports a freeze at some time in the future.

While ruling out a formal agreement with the International Monetary Fund, he has offered to provide monthly or quarterly economic targets to meet the concerns of foreign bankers.

Like Dilson Fumaro, the hard-liner who resigned as finance minister on April 26, Mr. Bresser Pereira is insisting that any debt-restructuring agreement with foreign banks include a large reduction in annual interest payments.

But Mr. Bresser Pereira's apparent willingness to compromise raises hopes that he will be able to ease strained relations with foreign bankers and build a political consensus at home for the austere economic measures.

It may be that Bresser Pereira will have to wait for inflation to get even higher before the Democratic Movement Party allows him space to do more," said Carlos Geraldo Langoni, a former Brazilian central bank president.

The drama of finding a new finance minister seemed to confirm the view of many commentators that Brazil's current crisis is less rooted in the economics of control-



Luiz Carlos Bresser Pereira

ling inflation than in the politics of the Democratic Movement.

Since scoring a landslide victory in congressional and gubernatorial elections in November, the party has fallen into internal power struggles and standoffs with the president.

After talks with Mr. Sarney after Mr. Fumaro's resignation, the party's president, Ulysses Guimarães, said he thought an understanding had been reached for the social security minister, Raphael de Al-

meida Magalhães, to take over the Finance Ministry.

Instead, Mr. Guimarães learned last Monday that Mr. Sarney had offered the job to Tasso Jereissati, 38, a businessman recently elected governor of Ceará, next to Mr. Sarney's own home state of Maranhão in the Northeast.

But Mr. Guimarães mustered party forces against Mr. Sarney's choice, forcing him to pick Mr. Bresser Pereira.

NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns for various stock symbols, prices, and market data. Includes sub-sections for 'Selling in 100s' and 'Net Change'.

FINANCE: Sector Is Growing Target in Trade Dispute

(Continued from first finance page)

government securities, according to the Japanese Securities Dealers Association.

Moreover, two of Japan's Big Four, Nomura Securities Co. and Daiwa Securities Co., have been admitted to the elite group of 40 primary dealers who buy U.S. government securities directly from the New York Federal Reserve Bank, the Federal Reserve system's arm in the securities market.

Their influence will likely continue to expand, Japanese securities firms are steadily increasing the size of their U.S. subsidiaries, expanding their scope of activities to include investment banking services.

They have also come a long way in improving their stock trading and research capabilities. Net equity purchases by Japanese investors totaled \$3.3 billion last year, compared with \$281 million in 1985.

At the same time, Japanese commercial banks are enlarging their loan portfolios in the United States. Along with Japanese insurance companies, they also seem especially keen on acquiring cheap dollar assets. Last March, Nippon Life Insurance, Japan's largest life insurer, paid \$538 million for a 13 percent stake in Shearson Lehman Brothers. This followed Goldman Sachs' decision to sell 12.5 percent of its equity to Sumitomo Bank.

While it is generally acknowledged by Japanese executives that they still lag their American counterparts in market technology and expertise, most believe it is a matter of time before they gain equal footing.

They already have made a point of hiring top local talent. Stephen H. Axilrod, a former Fed economist who was considered a key staff member of the central bank, has joined Nikko's U.S. subsidiary as vice chairman. Scott Pardee, former head of the New York Fed's foreign exchange dealings, now works for Yamachi.

"We have the capital, and we can use that capital to catch up," said Mr. Mori.

The Japanese are quick to note that their strength should be measured in global terms. Nomura's capital base is equivalent to \$6 billion, making it the biggest securities firm in the world.

Compared with this degree of penetration, U.S. firms remain largely outsiders in Japanese financial circles. Only six foreign firms, including Merrill Lynch, Morgan Stanley and Goldman Sachs, have been admitted to the Tokyo Stock Exchange.

When it comes to the Japanese government bond market, U.S. companies complain about a discriminatory allotment system. With the equivalent of about \$900 billion worth of outstanding securities, the Japanese market is the second and largest after the U.S. Treasury

market. But U.S. firms distribute less than 6 percent of new long-term issues, despite their powerful presence in the secondary market.

Such limited access clearly angers executives at U.S. financial firms. Yet, unlike their counterparts in the manufacturing sector, they have maintained a public silence, a tactic that has cost them influence in Washington but allows them to remain on friendly terms with the Japanese.

Quiet diplomacy, they argue, is the best way to deal with the Japanese government, and they cite the embarrassing lesson learned by

"You won't see a dirty public fight because too much saber-rattling would put too much business in jeopardy."

—Rodney Schwartz, Paine Webber analyst

Britain. Last month, the Thatcher government threatened to exclude Japanese firms from London's booming financial markets, but has since backed away after realizing that such a ban would end up harming Britain's financial community.

"You won't see a dirty public fight because too much saber-rattling will have a negative effect," said Rodney Schwartz, an analyst who tracks Wall Street firms for Paine Webber. "That would put too much business in jeopardy."

The strategy pursued by U.S. firms was best illustrated last December when the Fed decided to grant primary dealer status to Japanese firms, allowing them to deal directly in the bond market with the New York Fed. Salomon Brothers, the only U.S. securities firm to offer an official comment, praised the decision. Salomon's Japanese unit is the biggest securities firm in Japan after the Big Four, but has yet to win a seat on the Tokyo Stock Exchange.

Wall Street executives believe this low-key approach will eventually be rewarded with greater access in Tokyo. Moreover, it may also facilitate additional Japanese capital infusions similar to the agreements by Goldman Sachs and Shearson Lehman to sell equity stakes.

Several Japanese financial institutions, including Dai-ichi Kangyo Bank, with \$253 billion in assets, are thought to be looking for such participation. Analysts believe Merrill Lynch, First Boston and E.F. Hutton are among the firms that would welcome such a link.

Still, Wall Street has given quiet encouragement to Congress to step up pressure on the Japanese. The trade bill adopted by the House last week includes a measure that

would strip Japanese firms of the primary dealer status they received last year unless U.S. firms are assured similar treatment in Japan.

"It's a shot across the bow," said Representative Charles E. Schumer, a Democrat of New York, who proposed the measure. "It's not intended to be punitive. They have a clear advantage, and we want to see some reciprocity from the Japanese."

The tougher mood in Congress has unsettled the Japanese firms. Mr. Mori believes part of the reason that his company failed to win primary dealer status late last year had to do with the hostile mood in Congress.

In recent weeks, the Japanese government has given indications that some barriers may be lowered. Late last month, the Finance Ministry allowed Japanese institutions to trade directly in foreign financial futures and options markets, a move that could add billions of dollars to the daily volume of U.S. futures exchanges.

The announcement came a week after a congressional delegation that included Mr. Morrison and Mr. Schumer met in Tokyo with Mr. Nakasone, Finance Minister Kiichi Miyazawa, Satoshi Sumita, governor of the Bank of Japan, and other high ranking officials to discuss greater access.

Although the Japanese said many of the demands by foreigners were under study, participants in the private talks said the congressional came away with some assurances.

The stock exchange, they said, agreed to admit more foreign members by January. That would allow firms to begin trading next May, six months earlier than expected. Senior Japanese officials also said they would consider adopting a modified auction system for the less popular six- and eight-year government bonds, which would allow a greater foreign role.

In the meantime, Congressional pressure is mounting, and some legislators are talking about a broad reciprocity bill that would directly tie the expansion of Japanese financial concerns in the United States to the progress of U.S. firms in Tokyo.

Treasury Bonds

Table with columns for Maturity, Bid, Ask, Yield, and Wk. ago. Lists various Treasury bond values.

Certain offerings of securities, financial services or interests in real estate published in this newspaper are not authorized to certain jurisdictions in which the International Herald Tribune is distributed, including the United States of America, and do not constitute offerings of securities, services or interests in these jurisdictions. The International Herald Tribune assumes no responsibility whatsoever for any advertisement for offerings of any kind.



A NEW NAME IN LAW AROUND THE WORLD. The new firm of Clifford Chance was formed on 1st May, 1987 by the merger of Coward Chance and Clifford-Turner. We now have the people, the experience and the technical resources to meet the growing needs of the international financial and business community.

INTERNATIONAL POSITIONS. You will find below a listing of job positions published last Thursday under the rubric International Positions. Table with columns for TITLE, SALARY, and EMPLOYER. Includes positions like TOXICOLOGIST, Finance and Administration Manager, etc.

SPORTS

SPORTS BRIEFS

Mansell Wins San Marino Grand Prix Easily

IMOLA, Italy (UPI) — Briton Nigel Mansell drove his Williams-Honda to a textbook victory in Sunday's San Marino Grand Prix to take the lead in the Formula One world drivers' championship.

Mansell, who finished sixth in the season-opening Brazilian Grand Prix, took command on the second lap of the 183.4-mile (295.2-kilometer) race.

Mansell, whose last victory came Sept. 21, 1986, at the Portuguese Grand Prix, clocked a winning time of 1 hour, 31 minutes and 24.076 seconds for an average speed of 120.429 mph. He built up his lead with a controlled drive on a circuit noted for the heavy fuel consumption demands it puts on cars.

Pole-sitter Ayrton Senna, in a Lotus-Honda, was second in 1:31:51.621. Michele Alboreto brought local favorite Ferrari third in 1:32:03.220.

Mansell now has 10 points, one more than McLaren driver and defending World Champion Alain Prost, whose alternator failed on the 15th lap as he stood second. "Both the alternator, and before that the engine, were giving me trouble," Prost said. "But it could have been much worse if [Williams driver] Nelson Piquet had been racing." Piquet sat it out Sunday because doctors ruled him unfit to compete after a 136-mph crash during Friday's practice.

4 Tied for Las Vegas Golf Lead at 11-Under

LAS VEGAS (UPI) — Hal Sutton, Kenny Perry, Ken Brown and Dan Pohl shared the lead at 11-under-par 205 after Saturday's third round of the Las Vegas Invitational golf tournament.

Starting the day two strokes behind Larry Rinker, Friday's leader, Sutton shot an up-and-down 72 (four birdies, a bogey and a double-bogey). Pohl's 65 included six birdies putts of 12 feet (3.65 meters) or less. Brown, a Briton, and Perry both shot 70s. One shot off the pace were David Frost, Curtis Strange and Andrew Magee. After rounds of 65 and 66, Rinker ballooned to 78/209.

Solution to Thursday's Puzzle

BOAS ABEJAM VALE
LIXE CULPA EMIL
ALEXANDERS ROLL
SETTLE VICTORIA
TIEBE ELIOTIN
OAT MAPIN TRICOT
CLEMSON RESALES
ASCAP SAGIT TOT
SOHRIAD ANGER
TISLET RESET
ROSEMARY FINANCE
ABET MARGUERITE
FORT ETIAM EDAM
FIETIA SOGLE DELS

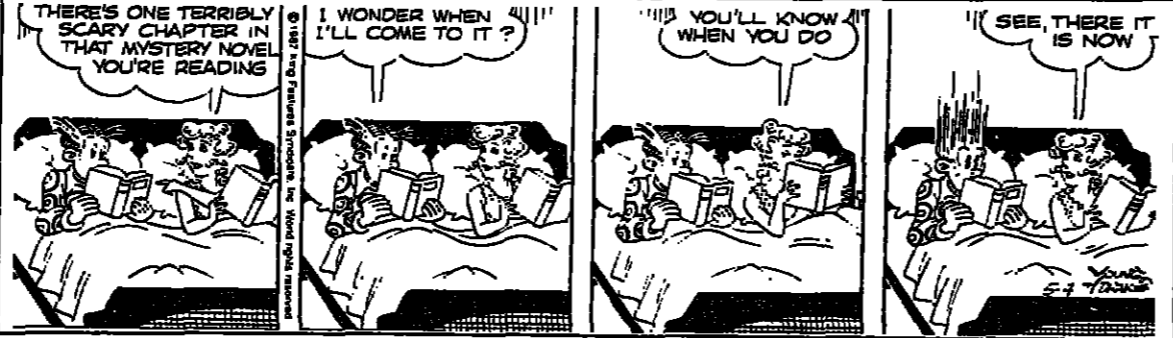
Quotable

Lary Bowa, manager of the 6-19 San Diego Padres, explaining why he wore a heavy warmup jacket while pitching batting practice on a hot evening before a recent home game: "I was trying to have a stroke. It didn't work."
Cleveland second baseman Tony Bernazard, after the Indians started the season 9-15: "I'd much rather go through this now than in September when we're contending. If we did that then, everybody would call us chokers. This way, when we come back after our bad start, it will make a wonderful story." (AP)

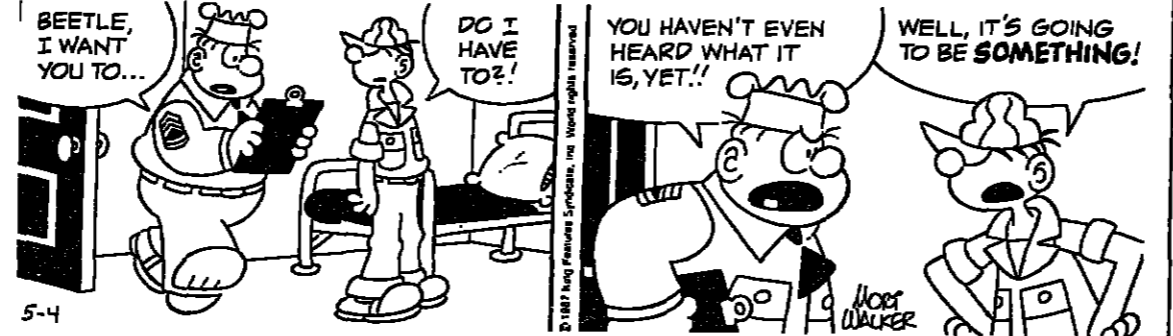
PEANUTS



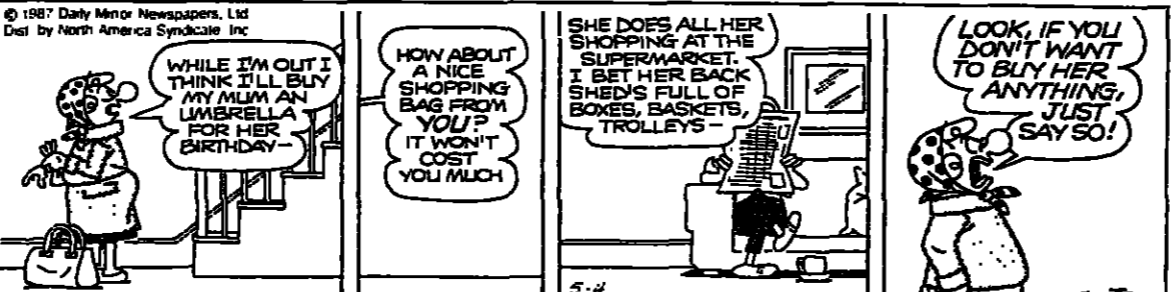
BLONDIE



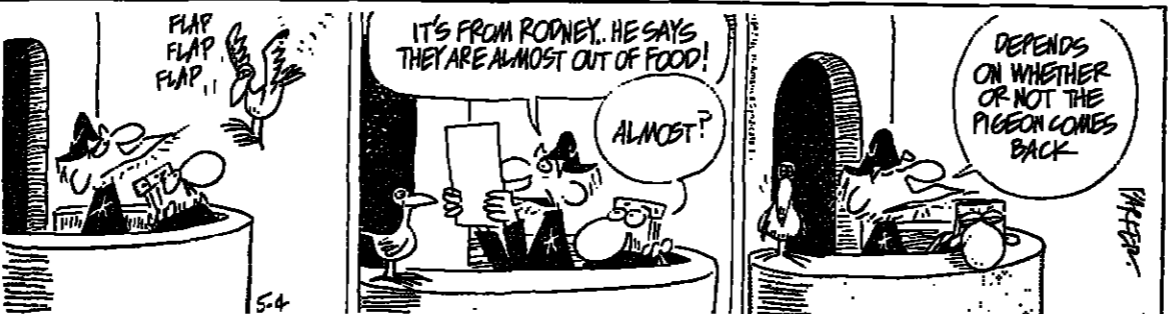
BEEBLE BAILEY



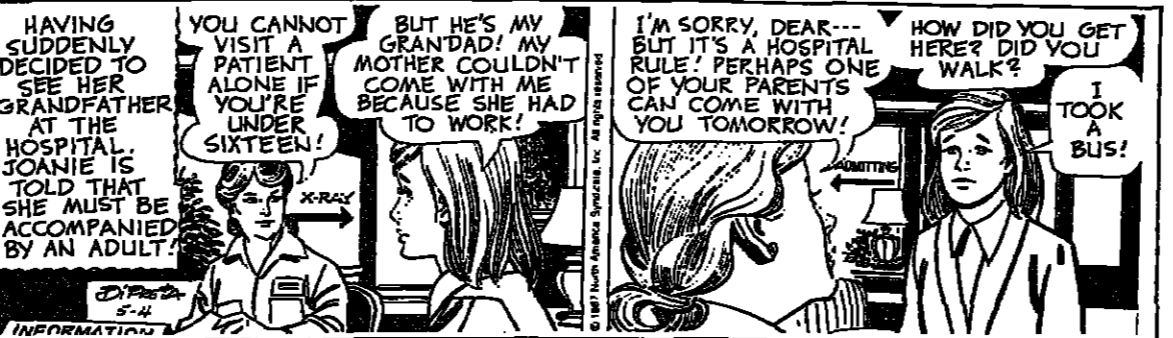
ANDY CAPP



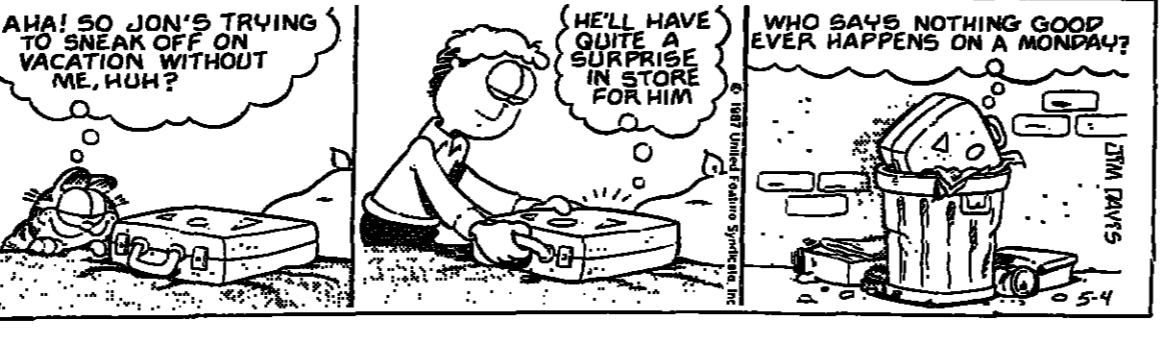
WIZARD OF ID



REX MORGAN



GARFIELD



'Sonics Surprise Rockets; Hawks Eliminate Pacers

United Press International HOUSTON — Dale Ellis scored 34 points, the last on a three-point jump shot with 14 seconds left in overtime Saturday, to give the Seattle SuperSonics a 111-106 victory over the Houston Rockets and a 1-0 lead in their Western Conference semifinal of the National Basketball Association playoffs.

Canadiens, Flyers in NHL Semis

United Press International NEW YORK — The Montreal Canadiens and Philadelphia Flyers survived second-round scares and advanced to the semifinals of the National Hockey League playoffs.

In decisive seventh games Saturday night, Montreal beat Quebec, 5-3, and Philadelphia ripped the New York Islanders, 5-1. The Canadiens rallied from a 2-0 deficit in the Adams Division final against the Nordiques; the Flyers won Game 7 after squandering a 3-1 lead in the Patrick Division final.

The last semifinal participant was to be determined Sunday, when Toronto faced the Red Wings in Game 7 of the Norris Division final (the winner will meet the Smythe Division-champion Edmonton Oilers).

In Philadelphia, Brian Propp and Brad March scored short-handed goals 44 seconds apart in the first period to help the Flyers prevent Montreal from becoming the fourth team in NHL history to come back from a 3-1 playoff deficit. In Montreal, Ryan Walter scored two goals, including one short-handed, to trigger a five-goal second period that propelled Montreal.



Dominique Wilkins, right, who scored 30 points, got a hug from teammate Randy Wittman after Atlanta won, 101-97.

Atlanta Hawks forward Dominique Wilkins scored 30 points, got a hug from teammate Randy Wittman after Atlanta won, 101-97, over the Charlotte Hornets in the Eastern Conference quarterfinals Saturday night. Wilkins rebounded a missed free throw and scored, then stole the ball from Person, forced a foul and made two free throws for a 97-93 lead with 1:15 left. Person, a favorite for NBA rookie of the year, scored 40 points. 76ers 124, Bucks 118: In Philadelphia, Barkley got 25 points and 13 rebounds in helping beat Milwaukee, evening that series at two victories each. Erving, who has announced that he will retire at the end of the 76ers' season, scored 22 points as his team rallied from a 17-point deficit in the second quarter. Barkley got 12 of his points in the fourth quarter. Warriors 98, Jazz 94: In Oakland, California, Purvis Short, who scored 32 points, rallied Golden State from a 15-point deficit in the third period to a 2-2 tie with Utah in their series. That put the Warriors one game away from becoming the second team in NBA history, and the first in 31 years, to come back from a 0-2 deficit to win a best-of-five playoff.

ACROSS

- 1 Boggled down
2 Fire, to a dam
10 Lights-out signal
14 Character in "The Sea Gull"
15 Sen. Cranston
16 "I cannot tell
17 U.K. laborer
18 He was deprived of the Triple Crown by Amberoid Gunpowder or Twanky
21 Seattle
22 Triple Crown winner
23 Hostess Perle
24 Deserves
26 He deprived Spectacular Bid of the Triple Crown
29 Highest point
30 Eschew
31 Jockey
32 Winner of 100th Kentucky Derby
36 Gerundial ending
37 Caron's handout
38 Gibbon
39 He deprived 3 Down of the Triple Crown
43 Instrument for Nero
44 Subordinate to

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



SURE, OL' RUFF CHASES CATS, BUT HE'S NOT DUMB ENOUGH TO CHASE ANY.

JUMBLE

A word puzzle section with a grid and clues. Clues include: 'HECKT', 'NARFC', 'ZYNEEM', 'NAIFEL'. A cartoon illustration shows a man looking at a woman.

Print answer here: (Answers tomorrow) Thursday's Jumbles: SOUAB ABBOT ENDURE BRUTAL Answer: What you might call a guy who never pays what he owes—A "DEBT" BEAT

WEATHER

Table with weather forecasts for various cities. Columns include location, high, low, and other weather indicators. Locations include Europe (Algerve, Amsterdam, Athens, Barcelona, Belfast, Berlin, Brussels, Bucharest, Copenhagen, Costa Del Sol, Dublin, Edinburgh, Florence, Frankfurt, Geneva, Helsinki, Las Palmas, Lisbon, London, Madrid, Milan, Moscow, Munich, Nice, Oslo, Paris, Prague, Rome, Stockholm, Strasbourg, Venice, Vienna, Warsaw, Zurich), Middle East (Amman, Beirut, Cairo, Damascus, Istanbul, Jerusalem, Tel Aviv), Oceania (Auckland, Sydney), and Asia (Bangkok, Beijing, Hong Kong, Manila, New Delhi, Seoul, Singapore, Taipei, Tokyo).

MONDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Cloudy. Temp. 5-14. LONDON: Cloudy. Temp. 5-14. MADRID: Cloudy. Temp. 5-14. PARIS: Cloudy. Temp. 5-14. ROME: Cloudy. Temp. 5-14. SYDNEY: Cloudy. Temp. 5-14. TOKYO: Cloudy. Temp. 5-14.

WORLD STOCKS IN REVIEW / Via Agence France-Press

Amsterdam

Investors on the Amsterdam stock exchange were extremely cautious last week amid the continuing decline of the dollar and U.S.-Japanese trade friction.

After a slow start on Monday, when the ANP-CBS General Index fell from 284 on April 24 to 278.4, trading firmed on Tuesday, taking the index to 280.2.

The bleak message contained in the annual report of the Dutch central bank and an announcement by Philips NV of a worldwide issue of 20 million shares slightly dampened enthusiasm on Wednesday.

Frankfurt

The weakness of the dollar during four days of trading depressed sentiment on the Frankfurt stock exchange where values fell an average of 3 percent.

Some analysts also attributed the mood to the financial difficulties of the iron and steel group Klöckner-Werke, after a decision by its subsidiary Maxhuetto to file for bankruptcy.

The Commerzbank Index fell 18.2 points to 1,785.2, with transactions over a holiday-shortened week totaling 9.668 billion Deutsche marks, down from 11.730 billion DM last week.

Hong Kong

Hong Kong stocks fell heavily early in the week on fears that the local currency would be revalued against the U.S. dollar, but confident buying saw much of the lost ground made up by the close of trading Friday.

The Hang Seng Index closed at 2,685.37, down a relatively modest 22.24 points.

Confidence was restored Thursday on news that Chemeng Kong had arranged financing for its 43 percent acquisition in Husky Oil Co. of Canada. The advance continued more modestly on Friday, with bargain hunters convinced that local interest rates would not rise.

London

Equities reached new highs last week, as initial nervousness prompted by heavy falls in Tokyo and Wall Street later gave way to optimism fueled by a half-point cut in British interest rates to 9.5 percent.

Sentiment was also bolstered by a confident report on industrial trends by the Confederation of British Industry and better than expected British trade figures for March.

Milan

Milan stocks reacted favorably to news that general elections have been scheduled for June 14, and the COMIT Index closed Thursday up 0.76 percent, to 767.34 points.

The election announcement came after two months of crisis in which leading politicians were asked to form a government to succeed the five-party coalition headed by the Socialist leader, Bettino Craxi.

Paris

The Paris stock exchange managed to withstand the effects of a sharply weaker dollar last week, although market indices fell around one percent.

Tokyo

Share prices on the Tokyo Stock Market soared amid widespread bargain hunting Saturday, enabling the Nikkei average to regain the 24,000-year level for the first time in six sessions.

The closely watched 225-share market barometer ended the week at 24,009.03, an increase of 328.14 from Friday's close.

The week started badly Monday, when the Nikkei suffered a record one-day loss of 831.32 that was triggered by the yen's unprecedented low against the dollar, which would hurt exports.

Zurich

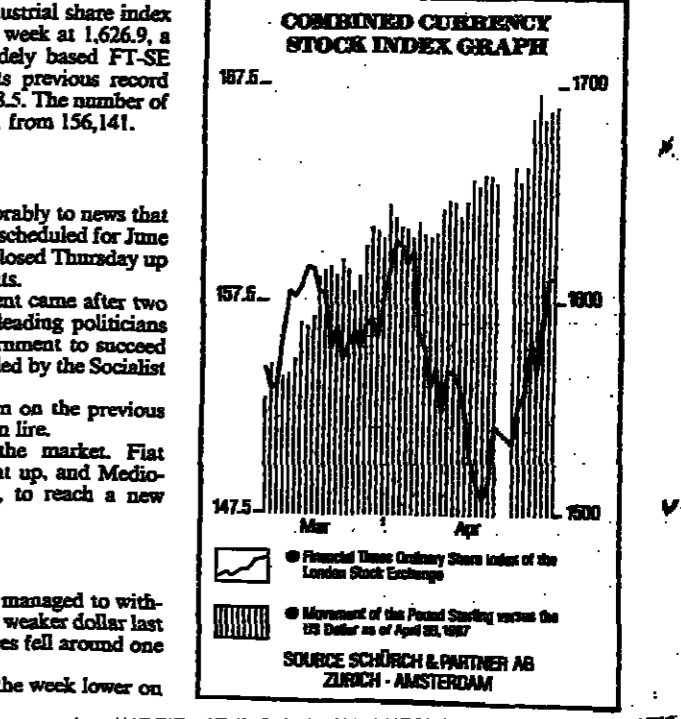
Share prices declined last week in Zurich, where in trading from Tuesday to Thursday the SRS index fell to 621.7 from 623.7 on April 24.

Foreign investors, notably from the United States, continued to sell Swiss shares to take currency gains. Analysts said that the fall of the dollar did not appear to have been checked and that it was therefore difficult to foresee an improvement this week.

Banks were irregular, with Union Bank of Switzerland gaining 55 Swiss francs to reach 4,630, and Swiss Bank Corp. dropping 10 francs to 432.

Finance companies were slightly weaker, as Electrowatt slipped 20 francs to 3,600. In the insurance section, Swiss Reassurance bearer shares were down 150 francs to 15,700, but Zurich Insurance bearer shares advanced 25 francs to 7,200.

Industrials were also mixed. Brown, Boveri fell 40 francs to 1,830 while Fischer gained 50 francs to reach 1,780. Ciba-Geigy bearer shares, in the chemical section, dropped 70 francs to 3,080 but Sandoz bearer shares put on 200 francs to end the week at 11,700.



Source: Schürch & Partner AG, Zurich - Amsterdam

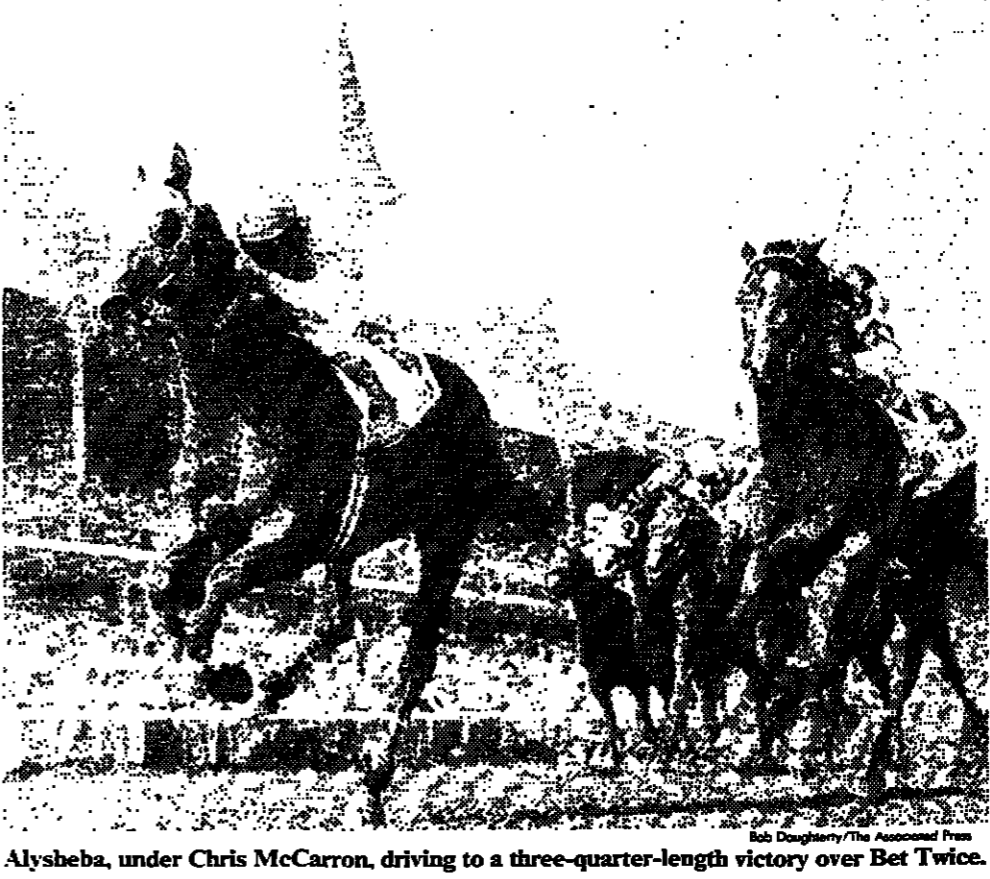
Handwritten signature: Jey, co. 1987

SPORTS

Alysheba, Tough in the Stretch, Wins Kentucky Derby

By Andrew Beyer
Washington Post Service
LOUISVILLE, Kentucky — In a Kentucky Derby filled with misfortune, Alysheba came close to suffering the worst disaster of all. As he turned into the stretch on Saturday, the horse in front of him, Bet Twice, swerved into his path, and Alysheba's legs buckled.

But his greatest goal kept eluding him. It was the first Derby victory in six tries for Van Berg, a 50-year-old hall of famer whose late father, Marion, also a hall of fame trainer, failed in his only Derby bid in 1960. McCarron has been one of the country's preeminent riders for years, but had always missed here. His memories of this triumph will always be somewhat scary, though.



Alysheba, under Chris McCarron, driving to a three-quarter-length victory over Bet Twice.

Jim Morrison's single before Reynolds smashes a ground ball that first baseman Will Clark bobbled. Bream scored as catcher Bob Brenly dropped the throw from Clark.

NEW YORK — Baseball free agents Tim Lincecum, Ron Gritsky, and other players who were expected to be signed by the end of the week have not yet been signed.

VIENNA — Sweden won the world ice hockey title here Sunday by beating Canada, 9-0, while the defending champion Soviet Union edged Czechoslovakia by 2-1.

Raines Rejoins Expos in Grand Form: Slam Beats Mets in 10th

NEW YORK — Tim Lincecum, playing in his first game after resigning with the Montreal Expos, hit a grand slam home run Saturday that rallied the Expos to an 11-7 victory over the New York Mets.

NEW YORK — Baseball free agents Tim Lincecum, Ron Gritsky, and other players who were expected to be signed by the end of the week have not yet been signed.

VIENNA — Sweden won the world ice hockey title here Sunday by beating Canada, 9-0, while the defending champion Soviet Union edged Czechoslovakia by 2-1.

Royals Shut Out 7th Time, Indians Winning by 2-0 on Homer

KANSAS CITY, Missouri — Mark Gubicza allowed just six hits and two runs over 8 1/2 innings Friday night, but that was too much for the Kansas City Royals' annular offense to make up for as Mel Hall hit a two-run home run to give the Cleveland Indians a 2-0 victory.

4 Free Agents Return to Fold

NEW YORK — Baseball free agents Tim Lincecum, Ron Gritsky, and other players who were expected to be signed by the end of the week have not yet been signed.

Swedes Win World Hockey Title

VIENNA — Sweden won the world ice hockey title here Sunday by beating Canada, 9-0, while the defending champion Soviet Union edged Czechoslovakia by 2-1.

Baseball
Friday's and Saturday's Major League Line Scores
FRIDAY'S RESULTS
AMERICAN LEAGUE
Detroit 9, Toronto 2

National Basketball Association Playoffs
FIRST ROUND
Friday's Results
Milwaukee 107, Philadelphia 104

Hockey
WEST GERMAN FIRST DIVISION
Berlin 1, Dusseldorf 2
Dortmund 1, Cologne 1

Major League Standings
AMERICAN LEAGUE
East Division
ALBANY 20 3 370 2

Horse Racing
1987 Kentucky Derby
The order of finish in Saturday's 119th Kentucky Derby:

Auto Racing
SAN MARINO GRAND PRIX
1. Nigel Mansell, Britain, Williams-Honda

Vertical text on the left margin.

Vertical text on the right margin.

